



U.S. Department of State FY 2001 Country Commercial Guide: Peru

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Chapter 1: EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Peru's commercial environment, using economic, political and market analysis. The CCG's were established by recommendation of the U.S. Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Especially as an economic recovery began to take shape through the first half of 2000, the Peruvian market continues to present U.S. exporters and investors with opportunities of immediate value and considerable potential. Official targets call for Peru's GDP to grow 5% for the year. At the same time, the Peru of mid-2000 confronts a number of junctures in its economic and political development, and the direction which the government takes over the next twelve months will largely determine the continued relative attractiveness of this market to U.S. business for some time to come.

In the early and mid-1990s the Peruvian economy passed through a dramatic period of stabilization, privatization and opening to global markets. One result of this process has been the rough doubling of U.S. exports to Peru over five years. Not only did bilateral trade rise to nearly \$4 billion in 1997 (the last year of rapid growth for Peru) but that trade blossomed with near balance between exports and imports. The U.S. continues to be the largest source of Peru's imports (with an approximate 30% share of the total) and the main destination of its exports (also about a 30% share). Direct and indirect investment flows from the U.S. to Peru also grew sharply through the mid-1990s, and the U.S. ranks with Spain as Peru's top investor.

In 1998 and 1999 a series of climatic and external financial shocks combined to produce a recession in Peru (the depth of which was more accurately revealed with the revision in mid-2000 of the method through which the gross domestic product is calculated). To these negative factors were added a slackening of the government's commitment to privatization and continued economic institutional reform, and the electoral and political turmoil surrounding the July 2000 re-election of President Alberto Fujimori to an unprecedented third five-year term.

In September 2000 a new administration is being put in place and a democratic reform agenda being addressed under the observation of an Organization of American States mission. Short-term economic policy has centered on reducing fiscal deficit through spending cuts and changes in tax policy and administration. It is not clear how quickly or completely the government will reactivate stalled economic reform and privatization efforts, but a number of positive signals are evident.

Best prospect sectors for non-agricultural products include architectural, construction and engineering services, mining equipment, computers and peripherals, computer software, telecommunications equipment, telecommunications services, electrical power systems, construction equipment, Internet services, medical equipment, oil/gas equipment, pollution control equipment, and travel and tourism services. Best prospects for agricultural products are hard wheat, yellow corn, milled rice, and processed and consumer ready foods.

U.S. products are well regarded in the Peruvian market and U.S. businesses may wish to appoint

local representatives to investigate market opportunities. U.S. exporters may contact the Commercial Service (U.S. Department of Commerce) of the Embassy, which can provide an overall commercial briefing and help in locating an agent or distributor or in arranging appointments during a business trip to Peru. The Economic Section (U.S. Department of State) can provide briefings on the economic, financial, and investment climate in Peru.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the worldwide web at <http://www.stat-usa.gov>, <http://www.state.gov/>, and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E) or by fax at (202) 482-4473. The U.S. Embassy in Lima, Peru maintains a web site at <http://www.rcp.net.pe/usa>.

Chapter 2: ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

At mid-year 2000, Peru's economy was in the midst of a fragile recovery, with expectations of real growth after two years of recession but uncertainty about the Government of Peru's (GOP) economic policies following President Fujimori's re-election to an unprecedented third term. According to recently revised gross domestic product (GDP) data, a series of external shocks resulted in a drop in per capita GDP in 1998 and 1999. The economy showed a marked recovery in the first half of 2000, growing 6 percent over 1999's low base. Growth was expected to moderate in the second half of the year, however, and the possibility remained that the recovery was not sustainable. Fiscal spending increased somewhat in advance of the elections, and the GOP implemented austerity measures in for the second half of 2000 in an effort to meet the targets agreed in its three-year Extended Fund Facility (EFF) with the IMF. In its multi-annual macroeconomic framework, the GOP set the following targets for 2000, assuming no new external shocks: 5 percent GDP growth, inflation of 4 percent, a budget deficit of 1.9 percent of GDP, and a current account deficit of 4 percent of GDP.

Peru continues to suffer the effects of the series of external shocks that hit in 1997 and 1998. This century's severest El Nino, which struck in the second half of 1997, had a dramatic negative effect on Peru's fisheries, agriculture, and mining production. The Asian economic crisis, which began in October 1997, compounded the effects of El Nino and resulted in a souring of Peru's terms of trade as many metals prices dipped due to a reduction in demand from Asia. The Russian crisis in August of 1998 further exacerbated the downturn, leading to a withdrawal of portfolio investment (of almost \$350 million), a massive reduction of foreign lending (about \$2.6 billion), higher interest rates on foreign lending to Peru, and a further weakening of domestic demand.

The results were predictable. After registering 6.7 percent growth rate in 1997, real output fell 0.4 percent in 1998, with a concurrent drop in exports and imports. The economy began to recover in the second half of 1999, but posted growth of only 1.4 percent for the year, less than population growth. Driven by post-El Nino recovery of the fisheries, and mining sectors, nominal exports grew

6.6 percent in 1999, but non-traditional exports—mostly manufactured products—dropped by 4.8 percent. Imports fell throughout 1999 as domestic demand contracted. As a result, the current account deficit narrowed to 3.6 percent of GDP in 1999, and inflation continued to fall, to 3.7 percent. Peru's flexible exchange rate policy was an efficient shock absorber, preventing balance of payments or foreign debt payment crises. At the end of 1998, Peru's currency, the new sol, had depreciated by 15.8 percent against the U.S. dollar compared to the same period in 1997, and it had depreciated a further 11.4 percent by the end of 1999.

GDP growth picked up substantially during the first half of 2000, reaching 6.0 percent over 1999's low base. Nominal export growth (14.7 percent) outpaced import growth (13.7 percent) as domestic demand remained weak. Inflation remained low, standing at 3.2 percent year-on-year in June. The sol/dollar exchange rate fluctuated considerably, mostly as a result of election-year uncertainty, but stood at 3.48 soles per dollar in July, almost unchanged from January. Growth was expected to moderate in the second half of the year and the recovery remained concentrated in the traditional export sectors. As a result, government revenues were lower than expected even as the GOP increased spending in the run-up to the April national elections and May run-off. The GOP's commitment to maintain fiscal austerity will be severely tested and will limit the government's ability to stimulate growth. At mid-year, the government's growth targets are looking optimistic, and private analysts are predicting GDP growth below 5 percent.

Peruvian sovereign foreign currency debt is rated Ba3 by Moody's, BB by Standard and Poor's, and BB by Fitch.

Principal Growth Sectors

During 1999, growth in agriculture, fisheries, and metals mining offset a contraction in manufacturing and retail trade. Expected strong growth in construction failed to materialize as the GOP continued to stretch out El Nino reconstruction in the face of reduced revenues. Aided by replenished fish stocks, fisheries grew substantially. Metals mining has also remained strong, and will continue to be a key sector, despite reductions in mining incentives in mid-2000 that will make some projects less attractive. Several mines have recently made finds that add to their reserves. These additional reserves allow companies to engage in normal incremental capacity expansion. Also, a large (\$2.27 billion) polymetallic mine project has started construction, with production planned for 2002.

On the services side, tourism is a strong prospect for growth. With some of the world's most diverse tropical forests and renowned cultural sites, Peru has recognized that tourism is a potentially important source of both foreign exchange and employment, and the GOP has announced its intention to make development of the tourism sector a priority. In the first four months of 2000, tourist arrivals were up 15.8 percent over 1999, and the GOP had reached its goal of attracting 1 million tourist arrivals in a 12-month period. That goal was aided by the 1998 civil aviation agreement between the governments of Peru and the United States, which immediately increased the number of weekly flights between the two countries. The agreement calls for "open skies," with no limit on the number of flights between the U.S. and Peru by 2002.

The agricultural sector also shows great promise. Exports of fresh asparagus—a recently developed export item—have been a principal reason for Peru's explosion in non-traditional exports since 1997. Nevertheless, the agricultural sector is plagued with uncertainty stemming from poor progress

on land titling, lack of credit, and inefficiencies that make competition on a world scale difficult. Legislation on land and water rights has been pending for a number of years. In the wake of the 2000 elections, President Fujimori declared an “emergency” in the agricultural sector and indicated that reform would be given priority.

In the long run, the mining and petroleum sectors offer the best prospects for growth, as Peru is believed to have large undiscovered reserves. However, the burdensome tax regime on greenfield projects and high exploration and development costs hampered the several major proposed mining projects in the late 1990s and led to the abandonment of many oil exploration blocks. Nonetheless, investments in these sectors and in the tourism sector planned for the next several years will require infrastructure that, along with other private sector demands, should stimulate growth in the construction and engineering services industries. Over the medium- to long-term, natural resources industries should generate spin-off industries (petrochemicals, metal refining, project management) that will add to future growth.

Government Role in the Economy

Since coming to power in July 1990, the Fujimori administration has eliminated nearly all trade, investment and foreign exchange controls, and reduced the size of government, through layoffs and the privatization process. The administration’s economic restructuring program restored fiscal discipline through tax reform and elimination of most subsidies. The reform process slowed after 1997, however, and was essentially frozen in the first half of 2000.

Moreover, there were a series of small reversals in market-oriented policies. Investors have complained in recent years of GOP intervention in the energy, automotive, tobacco, oil, telecommunications, air transport, construction, and mining sectors. For example, in the November 1998 privatization of four small power distribution companies, the GOP discriminated against foreign investors by providing economic advantages (tantamount to subsidies) to local investors, which discouraged participation by foreign companies.

More recently, the GOP has intervened in the energy market in an effort to make the giant Camisea natural gas project more attractive to bidders who pursued the project in the wake of the withdrawal by the Shell/Mobil consortium that initially sought to develop the field. In July 1999 the GOP “temporarily” extended for a second year a moratorium on new hydroelectric generation concessions. It also refused to grant concessions to companies that had concluded the application process before the moratorium. In December 1999, a new law gave the GOP discretion to determine whether or not to permit new hydropower plants. Under its current Camisea development blueprint, the GOP plans to regulate gas prices in an effort to reduce electricity prices. After a series of delays, the GOP successfully auctioned off the field segment of the project in May 2000 to an Argentine/U.S./South Korean consortium, but the pipeline auction was delayed for a sixth time in June as the GOP sought bidders.

A further setback has arisen in connection with gasoline service stations. After the GOP privatized PetroPeru stations and promised to privatize its four major oil refineries by July 1995, several foreign gasoline wholesalers, including Texaco and Mobil, invested heavily to establish gasoline service station chains and provide loans to upgrade affiliated stations. The GOP has not fulfilled its commitment to fully privatize PetroPeru, and has kept PetroPeru gasoline prices low to gain popular

support, making it difficult for private chains to compete. Moreover, seven former affiliated stations took Texaco to arbitration, arguing that the wholesaler was selling gasoline at non-competitive prices since PetroPeru prices were lower.

In July 2000, the Peruvian congress approved laws proposed by the executive that would limit the scope of future tax stability agreements and reduce benefits for the mining and energy sector (except natural gas). Although the GOP's aim in proposing this legislation appeared to be related to systemic reform of tax incentives, most analysts expressed concern about the impact of the changes on future investment in the mining and energy sectors.

In combination with the slower pace of reform, political pressures led to a substantial drop in privatization receipts, to US\$287 million in 1998 and US\$297 million in 1999. Even the GOP's modest 2000 goal of US\$650 million in privatization receipts looked difficult to fulfill, despite the president's announcement in August that a series of privatizations and concessions would take place before the end of the year. Still, investors remain interested in pending privatizations and concessions, most notably in the telecommunications, petroleum and mining, ports and airports, and electricity distribution sectors.

As a result of the reversals and slowdown in reforms, the direction of government economic policy remained in question as President Fujimori began his third term in office in July 2000. The president's inaugural speech, in which he downplayed the role of private sector investment and suggested the state would play a larger role in promoting industrial activity, served to heighten concerns. The appointment immediately following the president's inauguration of new, reform-oriented ministers to key economic portfolios, however, renewed hopes for reform, as did announcement of a series of reform measures in August.

The 2000 fiscal year (identical to the calendar year) central government budget totals about US\$9.7 billion (at the December 31, 1999 rate of exchange). About 40 percent of the budget is earmarked for social spending, slightly more than in 1999, but the government routinely falls short of its budgeted social spending.

External Accounts

Short-term capital outflows (including portfolio investment) were US\$2.2 billion in 1999, substantially higher than the US\$0.4 billion registered in 1998 and a dramatic reversal of 1997's inflow of US\$2.9 billion. The outflows accounted for a large portion of the total foreign exchange reserve loss of US\$1.0 billion in 1998 and US\$800 million in 1999.

After deteriorating in 1998 because of sharply reduced fisheries and agricultural exports and lower commodity prices, Peru's merchandise trade balance improved in 1999. The trade deficit dropped from almost \$2.5 billion in 1998 to \$0.6 billion in 1999. In 2000, the trade deficit is expected to improve again, dropping to about \$0.4 billion, as the recovery of domestic demand and imports continues to lag behind exports. The trade balance in 2001 may worsen if recovery continues as expected.

The government's estimate for the 2000 current account deficit in the multi-annual macroeconomic framework (MMF) is 4.0 percent of GDP. Foreign direct investment plummeted more than expected

in the first quarter of 2000 to \$71 million, compared to \$544 million in the first quarter of 1999. Uncertainty about the direction of economic policy in President Fujimori's third term will likely further stall investment and have an impact on the current account.

Infrastructure

The distribution of goods and services to and from Lima has improved substantially as a result of the extensive road reconstruction program undertaken by the GOP in recent years, supported by bilateral and multilateral lending. However, the 1997-98 El Nino had a negative impact on distribution networks. The GOP estimated the cost of repairing damage to highways and roads, bridges, water treatment plants, and schools to be at least \$1 billion. Damage to private sector infrastructure is not included in the GOP estimate. Because of the extensive adverse effects of El Nino, the GOP has increased the amount it plans to spend for rehabilitation of infrastructure, although repairs have been delayed because of lower than expected government revenues. In addition, the government plans to auction concessions for toll roads totaling 6,700 km; at least one auction is scheduled to take place in the second half of 2000, and others will follow in 2001.

Air transportation is the only means to convey goods to many areas not served by the Pan American or Central Highways. The airline industry has been liberalized in recent years, and fare competition on domestic and international routes has picked up.

Telephone density is one of the lowest in South America, but with the privatization of the phone system the number of phones in homes and businesses has increased more than three-fold in less than five years, the quality of service has risen, and long-distance rates have dropped. Voice and data communications are generally reliable in Peru. The monopoly on fixed-line and long-distance service (that was supposed to continue until June 1999) ended abruptly on August 1, 1998. Weak regulation and supervision, however, have allowed Spain's Telefonica, owner of the former state monopoly, to maintain its dominance. The cellular telephone market, which was not covered by the monopoly, was already open and is competitive.

Privatization of electric utilities, although still incomplete, has substantially increased generating capacity in general and thermal capacity in particular. As a result, Peru no longer suffers from recurrent shortages of electrical generating capacity caused by over-reliance on hydroelectric power, which formerly led to sporadic power outages during droughts.

The GOP has indefinitely suspended the privatization of power utilities, including that of the Mantaro hydroelectric plant. Furthermore, in an effort to clear the way for the development of the giant Camisea natural gas field, it is discouraging domestic and foreign investment in additional hydroelectric generating capacity. In June 1999 the GOP extended the moratorium on applications for new hydroelectric generation facilities for a second year. In December 1999, a new law gave the GOP complete discretion in choosing whether or not to grant new concessions.

Water supply infrastructure in Lima and throughout Peru needs expansion and improvement. The hoped-for privatization of the Lima water and sewer utility (Sedapal) has been taken off the table. The World Bank, the International Finance Corporation, the Government of Japan and the Andean Development Corporation (CAF) have provided over \$400 million in financing for Sedapal upgrades alone, of which \$150 million was spent in 1999 and \$180 million is budgeted for 2000.

Peru's ports, while adequate, need to be modernized, and the long-term concessions that began in May 1999 will bring much-needed investment to the seaports. Airport concessions, including Lima's Jorge Chavez International Airport, were postponed, and are now expected to be auctioned in late 2000 or 2001. Operation of the railroads, which have been badly neglected, were auctioned as 30-year concessions in July 1999.

Peru suffered no disruptions from the year 2000 (Y2K) computer problem.

Chapter 3: POLITICAL ENVIRONMENT

Peru is a republic with a dominant executive branch headed by President Alberto Fujimori, who was first elected in 1990, and controversially reelected to a third term in 2000. The President appoints a number of ministers to carry out and oversee the work of the executive branch. The legislative branch is a unicameral congress with 120 members elected at large. Like the president, they serve five-year terms. Municipal elections were held throughout Peru in October 1998.

Peru does not have a well-developed system of political parties. The pro-Fujimori Peru 2000 political alliance is a loosely organized confederation of pro-Fujimori political groups that, with various pro-government independents, exercises a majority in the 120-seat congress.

U.S. policy in Peru reflects varied goals: the strengthening of democracy, fostering respect for human rights, the curtailment of illegal narcotics production and trafficking, supporting U.S. businesses, protecting U.S. citizens, and encouraging sustainable development. The U.S.-sponsored development and humanitarian assistance program in Peru is the largest in South America. As a result of the flawed 2000 national elections, the United States will be watching very closely to see how the Government of Peru meets its commitment to the Organization of American States to strengthen its democratic institutions.

Peru's human rights record has improved markedly during the last few years as the level of political violence has declined. Nonetheless, the U.S. government remains concerned about continued arbitrary detentions, lack of due process, reports of torture of detainees, and limited prosecution of those government and military officials accused of abuses. The U.S. government likewise has concerns about reports of government-inspired intimidation of opposition political figures and journalists, and the lack of citizen confidence in the independence and honesty of the Peruvian judiciary.

Chapter 4: MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels

The population of Peru is extremely centralized, with 30% of all inhabitants living in the capital city of Lima. Therefore, most sales occur in Lima, but opportunities exist in other major population centers, which should be part of an overall marketing strategy. Representatives in Lima typically have sales agents in these cities, providing sales opportunities in the provinces.

The most common method of distribution is the appointment of a qualified representative. Appointing an agent or distributor is advisable if your company is serious about entering the market. At present, U.S. companies are having good success in locating qualified local agents.

An alternative approach in distribution is to establish a local subsidiary or branch office. This method may allow for effective service and more aggressive promotion of your product. Expenses for commercial and industrial space are relatively high in the Lima area, however, making this an expensive option.

Use of Agents and Distributors - Finding a Partner

Peruvian law does not require the use of local distributors for private sector commercial sales. However, for sales to the government, you should contract and register a local agent. (See "Selling to the Government" later in this chapter.) It is also advisable to have a representative "on the ground" to keep up with the latest opportunities and developments.

You should be thorough in the selection of an agent or a representative. You may wish to take advantage of relevant U.S. Department of Commerce services by contacting your local Commercial Service Export Assistance Center (EAC) in the United States. Services include the Agent/Distributor Service (ADS), which helps identify interested agents and distributors, the Gold Key Service (GKS), which identifies potential distributors and arranges meetings for you with them, and the International Company Profile (ICP), which reports on individual companies. Another highly effective means to efficiently encounter a qualified representative is through participation in RepCom South America, scheduled for June 2001. For more information on this unique event contact CS Lima on telephone (511) 434-3040, 434-3000.

Franchising

Franchising operations have sprung up in the recent years. Peru's economic situation, open market mentality, credit access, and receptivity to foreign investment offer a generally hospitable climate for franchising companies. The United States is currently the leader in this sector in Peru with more than 80% of the market, mostly in the fast food services.

There is no special legislation for franchising and franchises in Peru are subject to general commercial law. Prospective franchisers need to be aware of a withholding income tax on royalties (30%), value added tax of 18% (paid by the local company) and import tariffs (generally 12%).

Franchises with potential include courier services, language centers, candy stores, janitorial services, Internet cabins, cosmetics, automotive, clothing stores, pharmacies, and security services.

Direct Marketing

Direct marketing is fairly well established in Peru in the service sector, especially among financial institutions and seminar organizers. One common practice is to hire personnel for telemarketing and mailing campaigns or to contract these services from specialized firms. Databases for direct marketing are zealously guarded and thus are not readily available. Nevertheless, commercial information can be obtained through the chambers of commerce and trade associations (See Chapter 11, Appen-

Catalog sales for consumer goods in Peru are limited because of the high degree of mistrust in the quality of the product, difficulty in obtaining warranty support, and less than universal acceptance of credit card orders.

Joint Ventures/Licensing

Peruvian law allows for joint ventures and licensing agreements with a legally established local partner who will be accountable for all legal matters. Peru has largely integrated itself into the global commercial network, making it an attractive destination for joint ventures and licensing agreements. This is especially true in activities where there is local manufacturing or finishing assembly capacity and the U.S. product's market price is strongly affected by shipping costs.

The textile manufacturing industry in Peru is rapidly becoming an attractive center for licensing and joint ventures. Productivity has increased through modern technology, which has resulted in significant production in exports for very well known clothing brands. Peru offers quality raw materials (e.g. high-grade cotton), qualified labor and competitive production costs.

Steps to Establish an Office

Foreign corporations interested in doing business in Peru on a permanent basis must be formally incorporated and registered in the Peruvian Mercantile Registry. Real estate may be acquired by any foreign entity without the need to establish an office. It is only necessary to vest a local individual with sufficient powers to conduct and close the sale.

There are two main forms of business organization that can be used for these purposes: branch offices or incorporated subsidiaries.

Establishing a Branch

To establish a branch the following documents will be required:

- Copy of the articles of incorporation of the parent company.
- Certificate of incorporation and good standing or other official document certifying the existence and continuous operation of the parent company. This certificate must state that the parent company is not prohibited, by law or by its by-laws, from establishing branches abroad. If such statement cannot be included in the certificate, then a Notary Public may do so in a separate document.
- Copy of the minutes of the board of directors' meeting where the resolution to establish a branch in Peru appears. This resolution should specify:
 - The domicile in Peru.
 - Duration of the branch (may be indefinite) and the commencement of operations.

-The purpose of the branch, clearly specifying the business and operations that will be conducted in Peru, stating said purpose is comprised in the parent company's purpose.

-Name of person(s) authorized to act in the registration of the branch and in its representation, and powers vested in him/her, which must include powers to resolve any issue related to the branch activities; to hold the corporation liable for its operations; to appear in court; and to respond to suits brought against it. The branch is directed by the holder of the parent corporation power of attorney, duly registered. Such power can be revoked anytime by the parent corporation. There is no requirement for the parent company to submit its financial statements to Peruvian authorities.

All documents granted abroad must be legalized by a Notary Public or appropriate government official in the country of incorporation. The signatures of the Notary or the government official must be authenticated by a local Peruvian consul. The documents should be in Spanish, and if not, must be translated by an official Peruvian translator. Upon receipt, the signature of the Peruvian consul must be legalized in the Ministry of Foreign Affairs.

Registration fees are as follows:

-Registration fee: approximately 3/1000 of the assigned capital with a maximum of approximately U.S. \$830 (one tax unit: 2,900 soles for 2000).

-Translation fees: between U.S. \$10 and U.S. \$12 per page.

-Legalization at the Ministry of Foreign Affairs: U.S. \$7.

-Notary and legal fees: widely variable rates.

It is advisable that all companies planning to operate in Peru seek legal assistance from reputable local lawyers. The Embassy's Commercial Service can provide a list of local lawyers. They should be aware of matters concerning taxes on corporate and branch income, which have an identical regime, corporate residence, value added taxes, income determination, capital gains, inter-company dividends, stock dividends, depreciation and depletion, net operating losses (tax losses) and payments to foreign affiliates. Other significant issues to consider include workers' participation, withholding taxes, municipal operating permits, vacation and general labor laws, which will affect the business when it starts operating.

Limited Liability Companies (Sociedad Comercial de Responsabilidad Limitada) is a form of business organization that is a legal entity different from its owners, who can be either individuals or corporations. The liability of the partners is limited to the amount of their contribution. The minimum number of partners is two and the maximum is twenty. The name of the company must include the abbreviation "S.R. Ltda."

Once a residence or a domicile can be demonstrated, the foreign company must obtain the Registro Unico del Contribuyente ("RUC" or tax payer number.) The taxpayer will use his RUC number in all commercial transactions, similar to the IRS number in the United States.

Incorporating a Subsidiary

The corporation is the most common form of establishing a business entity in Peru. A minimum of two shareholders is required. One hundred percent foreign investment is allowed without restrictions, (except for a limited number of restricted activities; see “Chapter 7: INVESTMENT CLIMATE, Openness to Foreign Investment”.

To comply with the incorporation of a subsidiary, the following documents will be required:

If participating shareholders are foreign individuals they need only present valid identification (passport), but for corporations participating as shareholders the following documents must be filed:

- Certificate of Good Standing; and
- Copy of the minutes of the board of directors’ meeting where the resolution to participate in the incorporation of a Peruvian company appears. This resolution should indicate the name of the person appointed as representative to act on behalf of the shareholders in all the incorporation procedures.
- No minimum capital is required.

The Business Corporation Law regulates two forms of corporation: closed corporation (SAC: Sociedad Anonima Cerrada), similar to the private company, and open corporation (SAA: Sociedad Anonima Abierta), similar to the public company.

Closed Corporation

The closed corporation (SAC) must have a minimum of two and a maximum of twenty shareholders. The shareholders meetings, and Chief Executive Officer, manage the SAC. A board of directors is optional. In case of transfer of shares the law stipulates a right of first refusal for the existing shareholders. The by-laws may eliminate this right.

Open Corporation

The open corporation (SAA) does not limit the maximum number of shareholders and is intended for companies making public offerings. No limitations are allowed for the transfer of shares. Open corporations are supervised by the National Supervisory Committee of Corporations and Securities (CONASEV).

Selling Factors/Techniques

One of the most important selling factors in Peru is price. Price competitive products from Asian countries such as Taiwan and Korea far outsell more expensive European or North American consumer products, such as consumer electronics, appliances and automobiles. However, with investment in sales promotion and service infrastructure, U.S. goods can be competitive.

Dependability becomes more influential in purchases of capital goods, notably advanced electronics and construction machinery. The customer will often prefer more expensive U.S. or European products based on quality, durability, technology, customer support, and regional service.

Many of the larger representatives have small regional offices in two or three additional cities outside of Lima. The rest of Peru is largely underpopulated, underdeveloped and does not offer an attractive market for technical equipment.

Payment for major purchases is generally on a net 30-day basis. When dealing with new customers, it is advisable to work on a letter of credit basis. Over the counter purchases are done in cash (U.S. dollars are widely accepted), check or credit card. Most retailers use credit terms as a sale technique and major department stores issue their own credit cards.

Advertising and Trade Promotion

Lima boasts 16 daily newspapers, a few of which strive for national coverage. Locally oriented dailies can be found in most provincial capitals. First in influence and national readership is “El Comercio,” which is also the nation’s oldest paper with more than 150 years of continuous publication. The other influential dailies are the pro-government tabloid “Expreso,” the opposition-left tabloid “La Republica” and independent business dailies “Gestion” and “Sintesis.” The government gazette that contains all procurement information is “El Peruano.”

EL COMERCIO

Director: Alejandro Miro Quesada Garland
Jr. Antonio Miro Quesada 300
Lima - 1, Peru
Tel: (511) 426-4676/6292/4703
Fax: (511) 426-0810/7224
<http://www.elcomercioperu.com.pe>

EXPRESO

Director: Eduardo Calmell del Solar
Dos de Mayo 180, Miraflores
Lima - 18, Peru
Tel: (511) 444-7088/421-9828
Fax: (511) 446-1337
<http://www.expreso.com.pe>

GESTION

Director: Manuel Romero Caro
Calle General Salaverry 156, Miraflores
Lima - 18, Peru
Tel: (511) 447-6919/6634
Fax: (511) 447-6569/6763
<http://www.gestion.com.pe>

SINTESIS

Director: Boris Romero Ojeda
Av. Aviacion 2760, San Borja
Lima – 41, Peru

Tel: (511) 225-8503, 225-8504
 Fax: (511) 225-8502
<http://www.sintesis.com.pe>

EL PERUANO

Director: Manuel Jesus Orbegozo
 Av. Alfonso Ugarte 873
 Lima - 1, Peru
 Tel: (511) 315-0400
 Fax: (511) 433-4773
<http://www.editoraperu.com.pe/elperuano>

Radio has the largest audience of all communications media, reaching even the most isolated populations. It is often the first source of current news, and is the principal vehicle for transmitting information about local issues and events outside of Lima. However, it has little power to shape opinions, particularly among Peru's decision-makers.

In all, there are close to 1,000 radio stations in Peru, broadcasting on AM, FM, and short wave frequencies. Many of these stations are small storefront operations that serve relatively limited audiences. Radio's most influential source of news and information is "Radio Programas del Peru" (RPP), one of the many media holdings of the Delgado Parker family. With transmitters and correspondents in virtually every important city in Peru, RPP constitutes Peru's only true national radio network. In most major cities, including Lima, RPP leads AM ratings and is second in FM listenership to music-oriented "Radio Panamericana."

Television permeates the urban environment in Peru and has become increasingly available to rural audiences as well. As in the United States, television is often the primary source of news for a majority of those who have access to it.

The most important players in TV are the six Lima-based television networks, along with a government-owned service, which for years was the only station available in many parts of Peru. These seven broadcasters use affiliates in the provinces much like their counterparts in the United States. In addition there are several independent stations which serve the needs of particular cities and regions.

Cable television has also begun to make inroads into the Peruvian market with 65 cable TV and MMDS (Multichannel Multipoint Distribution Service) companies serving approximately 400,000 homes in different areas of Peru. The main cable service companies are Telefonica del Peru offering "Cable Magico", with 330,000 subscribers, and Corporacion Vicmar S.A. (Panama) with its product "Tele Cable", acquired from BellSouth/Tele 2000, with 15,000 subscribers. Their packages include CNN, the major U.S. networks, and programming from other Latin American and European countries. Tele Cable also carries the WORLDNET signal. The remaining cable companies are small firms offering their service in concentrated areas surrounding Lima or in the provinces.

Spending on Peruvian advertising is averaging U.S. \$ 200 million a year in publicity.

U.S. ADVERTISING AGENCIES IN PERU:

BATES PERU S.A.
Los Halcones 108
San Isidro, Lima 27
Tel: (51 1) 442-9911, Fax: (51 1) 441-6067
Contact: Mr. Daniel Robles
Email: DRobles@batesperu.com.pe

BBDO PERU
Angamos Oeste 1269
Miraflores, Lima 18
Tel: (51 1) 442-2634, Fax: (51 1) 441-4502
Contact: Mr. Jose Astudillo
Email: jastudillo@bbdoperu.com.pe

BOZELL BOROBIO
Jorge Buckley 239
Miraflores, Lima 18
Tel: (51 1) 241-5516
Contact: Mr. Daniel Borobio
Email: Bborobio@bluckbuster.com.pe

CENTRO EURO RSCG
Jr. Juan Alfaro 227-221
Miraflores, Lima 18
Tel: (51 1) 446-8779, Fax: (51 1) 446-5522
Contact: Mr. Luis Pierola M.
Email: centroeuro@mail.tambo.com.pe

INTERCOM/DDB NEDDHAM
Alberto Lynch 164
San Isidro, Lima 27
Tel: (51 1) 442-5316, Fax: (51 1) 442-7458
Contact: Mr. Adolfo Dammert
Email: adammer@intercomddb.com

J. W. THOMPSON PERUANA
Paseo de la Republica 5883
Miraflores, Lima 18
Tel: (51 1) 241-3451, Fax: (51 1) 241-3838
Contact: Mr. Fernando Otero Davis
Email: fernando.otero@jwthompson.com

MAYO FCB
Av. Larco 1199
Miraflores, Lima 18
Tel: (51 1) 445-1246, 241-6500, Fax: (51 1) 444-5570

Contact: Mr. Juan Saux Arispe
Email: mayo@fcb.com

MC CANN-ERICKSON

Tripoli 102
Miraflores, Lima 18
Tel: (51 1) 241-5183, Fax: (51 1) 447-0867
Contact: Mr. Francisco Garcia-Huidobro
Email: bonzo05@ibm.net

MOMENTUM O & M

Av. Del Bosque 128
San Isidro, Lima 27
Tel: (51 1) 221-8803, Fax: (51 1) 440-9692
Contact: Mr. Oscar Vidaurreta Yzaga
Email: oscar.vidarrueta@ogilvy.com

PRAGMA/D' ARCY

Av. Salaverry 3328
San Isidro, Lima 27
Tel: (51 1) 264-1460, Fax: (51 1) 264-0060
Contact: Mr. Armando Andrade de Lucio
Email: a.andrade@pragma.com.pe

PROPERU/LOWE LINTAS & PARTNERS WORLDWIDE

Av. Armendariz 339
Miraflores, Lima 18
Tel: (51 1) 241-7636, Fax: (51 1) 447-5605
Contact: Mr. Alberto Villacorta
Email: gerencia@properu.com.pe

QUORUM/NAZCA S & S

Parque Guatemala 165
San Isidro, Lima 27
Tel: (51 1) 421-2313, Fax: (51 1) 441-0860
Contact: Mr. Jose Meza Regal
Email: quorum@quorum.servinet.com.pe

YOUNG & RUBICAM

Victor Andres Belaunde 147
Via Principal 140 Edificio Real Seis
Piso 5 Oficina 503
Centro Empresarial Real
San Isidro, Lima 27
Tel: (51 1) 222-1100, Fax: (51 1) 222-5660
Contact: Mr. Jorge Penny

Pricing Products

In general, Peru enjoys a very open market, with trade restrictions at a minimum. Tariff rates on 95% of products are 12% ad-valorem. Distributor mark-up varies according to type of product, but usually ranges between 12% and 25%. All imports are subject to an 18% value-added local sales tax, which can be used as a tax credit by the importer. Imports of U.S. \$5,000 or more are also subject to pre-shipment inspection (PSI), which must be performed by one of the three selected PSI companies (see PSI company information in Chapter 11: U.S. and Country Contacts). There are some exceptions: government entities; decentralized industrial entities as classified by the General Industrial Law; industrial entities that have signed tax-stability or tax-exemption contracts with the government of Peru; enterprises established in the industrial free zones and special treatment zones; and companies that have their operations in the jungle regions of Loreto, Ucayali, Madre de Dios, Amazonas, and San Martin, in accordance with the Peruano-Colombiano treaty. Some luxury items have higher tariffs and some specific goods such as cigarettes, beer, wine, liquors and automobiles, pay an excise tax according to the lists and rates included in Appendixes III and IV of Legislative Decree No. 821 (passed on April 23, 1996). In August 2000 the excise tax for new automobiles was reduced to 10%, remaining the tax for used ones at 30%. Imports from countries with which Peru has bilateral or regional agreements are covered by different, preferential tariff schedules.

Sales Service/Customer Support

Peruvians consider service and support a critical factor in making the final purchasing decision, especially for products that require periodic servicing. It is important for the product to be sold through a reliable distributor that offers the quality and services that the client requires. For example servicing and availability are currently the two perceived advantages that new Asian autos enjoy over their U.S. competitors in the Peruvian market. Another example would be mining equipment, where the U.S. equipment after-sale service enjoys an excellent reputation over their main competitors.

Selling to the Government of Peru

To sell to the Government of Peru, the U.S. company or its agent/Peruvian partner must register as a supplier with the appropriate ministry. The second step is to provide credentials indicating that the Peruvian firm is a legitimate representative of the U.S. company. This can be done by a letter, legalized by the Peruvian Consulate in the United States and then registered with the Peruvian Foreign Affairs Ministry. If using an agent, it need not be a Peruvian national, but it must be a resident of Peru.

Peruvian law excludes all government officials on active duty from negotiating contracts with the government. This is to ensure conflicts of interest do not occur. This law does not cover former government officials.

Peruvian law permits an independent distributor to pay commissions or fees to third parties in connection with sales to the government. For example, a company in Peru can purchase certain products from a company in the United States and then pay a third party a fee to resell them to the Peruvian government.

There are no Peruvian restrictions on commissions or mark-ups on sales to the government by either agents or distributors, and the rates vary widely depending on product, client and competition.

Government agencies usually publish tender notices in the main newspapers. The Fujimori government, in an effort to ensure transparency for all government tenders, is currently using the United Nations Office for Project Service (UNOPS) to notify potential suppliers. Peru is not a signatory to the World Trade Organization (WTO) Plurilateral Agreement on Government Procurement.

Protecting Your Product from IPR Infringement

Protection of intellectual property rights (IPR) in Peru has improved significantly over the past decade, but still falls short of U.S. and international standards in several areas. After six years on the United States government's "Watch List" under the Special 301 provisions of the 1988 Trade Act, Peru was raised to the "Priority Watch List" in 1999. Peru remains on the Priority Watch List due to concerns about the adequacy of Peru's enforcement of its IPR laws, particularly with respect to the relatively weak penalties that have been imposed on IPR violators.

The Peruvian government agency charged with promoting and defending intellectual property rights is the Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI), established in 1992. Patents, trademarks, and industrial designs are protected by Legislative Decree 822 of 1996 and by Andean Community Decisions 344 and 345. Copyrights are protected by Legislative Decree No. 822 of 1996 and by Andean Community Decision 351. There is currently some dispute within the Andean Community about whether national law or the Community Decisions on IPR would prevail in the case of conflict between them. Although it had been previously thought that the higher standard would prevail, the Andean Community Secretariat recently issued rulings that Peru violated Decision 344 by issuing "second use" patents. These rulings (Andean Community resolutions 358 and 406) threaten to undermine the ability of member states to implement national laws that are stronger than Andean Community norms. Although there are few overall differences between Peru's domestic IPR legislation and the Community Decisions, the Government of Peru may face increased pressures to weaken its IPR norms from certain domestic sectors and/or certain Andean Community partners.

Peru is a signatory to the Bern Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, the Geneva Convention for the Protection of Sound Recordings, the Brussels Convention on the Distribution of Satellite Signals, and the Paris Convention on Industrial Property. In December 1994, the Peruvian Congress ratified the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property (TRIPs). Although Peru was obligated by this agreement to bring its laws into compliance with TRIPs by January 1, 2000, it had not done so as of mid-2000 as a result of the Andean Community's delay in amending Decision 344 to fully reflect TRIPs standards. Since Andean Community negotiators had failed to resolve differences on a handful of key issues, such as the patentability of second uses, it remained unclear when Peru and its Andean Community partners will finalize revisions to Decision 344.

Legitimate owners of intellectual property rights (patents, trademarks, and copyrights) have had increasing success in protecting their rights in the past few years. Peru's legal framework provides for easy registration of trademarks, for example, and inventors have been able to patent their inventions since 1994. Still, counterfeiting of trademarks, books, cassettes, software, and videos is wide-

spread. Enforcement by INDECOPI and the judicial branch does exist, but many believe that it could be improved. As a practical matter, importers and distributors should hire a local counsel who specializes in IPR issues if they are concerned about piracy of their products in Peru. A list of attorneys specializing in intellectual property is available from CS Lima. Law firms that handle IPR matters can also assist in launching anti-piracy enforcement actions in collaboration with the Government of Peru.

Need for a Local Lawyer

Obtaining local legal counsel is highly recommended for doing business in Peru. Potential investors should contact an able attorney to understand the legal framework for investments found in the Foreign Investment Promotion Law, the Framework Law for Private Investment, the Law for the Promotion of Private Investment in State-Owned Companies, and the Law for the Promotion of Private Investment in Public Utility Facilities.

In the event of a dispute, national or international arbitration may be used, but only if agreed to by the parties, before the dispute arises, in an agreement or contract. Arbitration cannot be imposed unilaterally after the fact as a means to resolve controversies or disputes.

Performing Due Diligence/Checking Bona Fides of Banks/Agents/Customers

U.S. businesses considering exporting to or investing in Peru should perform due diligence on their potential clients, associates or partners. As a first step, the International Company Profile (ICP) program of the U.S. Commercial Service can provide a background check on the reliability of potential clients or partners. The ICP report includes information on a company's owners, year established, size, sales, financial information and reputation in the market. The Commercial Service and the Economic Section of the U.S. Embassy in Peru are also available to provide commercial and

economic briefings to U.S. businesspersons traveling to Peru.

Chapter 5: LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT (Ranked by estimated growth in dollar value of U.S. exports from 1999 to 2000)

Best Prospects for Non-Agricultural Goods and Services
(US \$Millions) (All statistics are unofficial estimates)

A. Rank: 1

B. Name of Sector: Architectural/Construction/Engineering Svcs.

C. Industry Code: ACE

1998

1999

2000

D. Total Sales	637.3	675.5	698.9
E. Sales by Local Firms	382.4	386.2	309.2
F. Foreign Sales by Local Firms	N/A	N/A	N/A
G. Sales by Foreign Owned Firms	254.9	289.3	389.7
H. Sales by U.S. Owned Firms	149.9	167.0	267.8
I. Exchange Rate	2.93	3.38	3.56

The best prospects in this sector include infrastructure development, particularly highways, energy, urban and rural sanitation; mining engineering; tourism infrastructure, and environmental projects. In the mining sector almost 80 percent of the construction and engineering studies are done by foreign-owned firms. U.S. presence in the local market includes Bechtel, Fluor Daniel, Parsons, Morrison-Knudsen, and CH2M Hill.

A. Rank: 2

B. Name of Sector: Mining Industry Equipment

C. Industry Code: MIN

	1998	1999	2000
D. Total Market Size	567.0	694.0	795.0
E. Total Local Production	82.0	88.0	97.0
F. Total Exports	0.0	0.0	0.0
G. Total Imports	485.0	606.0	697.0
H. Total Imports from U.S.	194.0	242.4	279.0
I. Exchange Rate	2.93	3.38	3.56

The mining industry in Peru represented 10% of the GDP in 1999, and its share of total Peruvian exports grew from 1998 to 1999 reaching almost 50%. Investments in mining equipment should continue to increase steadily. U.S. mining equipment has an excellent reputation in comparison to its main competitors from Australia, Canada, Germany and Japan. Private sources expect continued large foreign investments in the mining sector for exploration, expansion, and new projects, in the range of approximately US\$ 5 billion from 1998 to the year 2002. The August 2000 reduction in certain mining investment guarantees and incentives may, at the margin, reduce fresh investment in this sector.

Best prospects include: loader shovels, trucks, tractors, and earth moving equipment in general. Other best sales prospects include: drilling/boring and perforation machinery, conveyors, purification plants, pollution control equipment, transportation equipment, and parts.

A. Rank: 3

B. Name of Sector: Computers and Peripherals

C. Industry Code: CPT

	1998	1999	2000
D. Total Market Size	337.7	280.0	307.3

E. Total Local Production	97.3	85.1	87.5
F. Total Exports	5.7	5.1	5.9
G. Total Imports	246.1	200.0	225.7
H. Total Imports from U.S.	142.8	109.8	146.3
I. Exchange Rate	2.93	3.38	3.56

The Peruvian market for computer hardware decreased in 1999 due largely to a significant reduction in government purchases and a diversion of investment into Y2K software acquisitions. Industry experts report that every year approximately 150,000 new PCs enter the local market, estimated at 1 million units. Imports are expected to rise at rates of between 12 and 17 percent during the 2000-02 period, proportionate with, but ahead of, Peru's general economic recovery. Networking equipment, servers, and personal computers are among the best prospects in the sector.

A. Rank: 4

B. Name of Sector: Computer Software

C. Industry Code: CSF

	1998	1999	2000
D. Total Market Size	92.3	98.5	120.0
E. Total Local Production	70.0	45.4	46.7
F. Total Exports	20.2	17.9	19.9
G. Total Imports	42.5	71.0	93.2
H. Total Imports from U.S.	29.0	39.5	54.3
I. Exchange Rate	2.93	3.38	3.56

The Peruvian market for computer software is estimated at \$120 million and is expected to grow at a 15% rate over the next three years. With 60 percent of the business, the corporate sector represents the most important and promising market for software applications, followed by the federal government, the armed forces, local governments, and the home market. Some of the best prospect industry applications in Peru include functional and technological solutions; telecommunications; engineering and hydropower projects; paperboard, textile, and manufacturing industries; banks and other financial institutions; topography, geodesy, and photometry; multimedia, marketing, and advertising; hospitals, pharmaceutical companies, and drugstores.

A. Rank: 5

B. Name of Sector: Telecommunications Equipment

C. Industry Code: TEL

	1998	1999	2000
D. Total Market Size	611.4	660.3	720.4
E. Total Local Production	6.7	7.2	7.8
F. Total Exports	2.0	2.2	2.4
G. Total Imports	606.7	655.3	714.9
H. Total Imports from U.S.	144.8	156.4	170.6
I. Exchange Rate	2.93	3.38	3.56

The market outlook for telecommunications equipment and services in Peru is excellent because key sectors of the market were opened in August of 1998, pent up demand exists, and Peruvians have a deep appreciation for U.S. products, technology and quality of service.

Telephone density in Peru is approximately 12 phones per 100 people (8 fixed plus 4 mobile). The GOP regulatory body OSIPTEL expects 10 percent annual growth in local fixed telephony and 23 percent growth in cell phones through 2003, translating into 20 percent telephone density (local fixed telephony plus cell phone services) by the year 2003. Approximately US\$ 2.5 billion of investment will be needed to reach this goal.

Spanish controlled Telefonica del Peru (which until August 1, 1998 had a monopoly in national and international long distance and fixed telephony) projects it will invest about US\$ 400 million per year through the year 2001. Currently, Telefonica del Peru imports mainly through Spain. The end of Telefonica's monopoly however, will gradually create opportunities for the U.S. companies to enter the market.

Best prospects will be concentrated in digital and electronic switches, fiber optic cables, cellular infrastructure equipment and telephones, fixed and cellular services, trunking, and paging.

A. Rank: 6

B. Name of Sector: Telecommunications Services

C. Industry Code: TES

	1998	1999	2000
D. Total Sales	2,192.0	2,409.9	2,650.9
E. Sales by Local Firms	134.0	147.0	161.7
F. Foreign Sales by Local Firms	1.0	1.1	1.2
G. Sales by Foreign Owned Firms	1,937.0	2,130.0	2,343.0
H. Sales by U.S. Owned Firms	122.0	134.0	147.4
I. Exchange Rate	2.93	3.38	3.56

The telecom services market in Peru includes: carrier services, teleservices (also called final services), broadcast services, and value added services. The most promising subsectors are: fixed wireless telephony, national and international long distance carrier, personal communication service (PCS), rural telecom, multimedia services, and Internet service.

National long distance service sales increased from US\$ 102 million in 1994 to US\$ 142 million in 1998. The national long distance market is smaller than could be expected for a nation of 24 million, since Peru is a highly centralized country with nearly one-third living in Lima. Some 24 companies have shown interest in providing national long distance services. National long distance is expected to grow to US\$ 160 million by 2003. Revenues for international long distance increased from US\$ 90 million in 1994 to US\$ 102 million in 1998. International service revenues are also expected to grow to US\$ 140 million by 2003, in large measure due to market growth resulting from the end of Telefonica del Peru's long distance monopoly.

It is projected that all types of wireless telephony will jump from their current level, one-half that of

wire connections, to a par by 2002. OSIPTEL expects 10 percent annual growth in local fixed telephony and 23 percent growth in cell phones through 2003, achieving a 20 percent telephone density (local fixed telephony plus cell phone services) by the year 2003. Approximately, US\$ 2.5 billion of investment will be need to reach this goal.

A. Rank: 7

B. Name of Sector: Electrical Power Systems

C. Industry Code: ELP

	1998	1999	2000
D. Total Market Size	379.4	417.1	444.2
E. Total Local Production	107.3	117.7	125.3
F. Total Exports	9.5	10.4	11.1
G. Total Imports	281.6	309.8	329.9
H. Total Imports from U.S.	161.7	177.9	189.5
I. Exchange Rate	2.93	3.38	3.56

As the Government of Peru approaches its target of a national electrification coefficient of 75% by the year 2000, up from 70% in 1998, important investments are taking place in the sector. Since 1992, most of the electric companies have been privatized and the GOP has no definite plans for the remaining ones (Mantaro, San Gaban and Yuncan). Generating installed capacity at the national level reaches 5,741.98 MW (including non-utility producers accounting for 914.19 MW). Nationwide hydroelectric installed capacity makes up 2,673.28 MW (47%) and thermal accounts for 3,068.45 MW (53%). In terms of production, hydroelectric power generated was 14,540.58 GWh and thermal 4,508.41 GWh in 1999.

Best prospects include: hydraulic turbines and wheels less than 1,000 kW, hydraulic turbines and wheels more than 10,000 kW, gas turbines, parts of gas turbine engines, heat exchangers, generator sets, static converters, circuit breakers, relays, interrupters, connectors, consoles and supports, panels and lockers.

A. Rank: 8

B. Name of Sector: Construction Equipment

C. Industry Code: CON

	1998	1999	2000
D. Total Market Size	340.4	265.8	368.9
E. Total Local Production	1.9	2.0	1.9
F. Total Exports	5.5	13.7	8.4
G. Total Imports	344.0	277.5	375.4
H. Total Imports from U.S.	178.3	145.9	152.8
I. Exchange Rate	2.93	3.38	3.56

In 1999 the local market for construction equipment contracted significantly, largely because the government did not carry out a number of infrastructure projects considered in its annual plan, including rehabilitation and construction of roads and bridges. Thus, the private sector, particularly mining companies, represented the largest end-users of heavy equipment in 1999. Noteworthy was

the \$240 million tender put out by the government in December 1999. The contract was awarded early in 2000 to Japan with funds from the Japan Bank for International Cooperation (JBIC), increasing by 40 percent the market size for 2000. Earth moving equipment including front loaders, dumpers, hydraulic excavators, bulldozers, and graders represent the industry's best prospect products.

A. Rank: 9

B. Name of Sector: Internet Services

C. Industry Code: CSV

	1999	2000
D. Total Sales	44.0	53.8
E. Sales by Local Firms	N/A	N/A
F. Foreign Sales by Local Firms	N/A	N/A
G. Sales by Foreign Owned Firms	44.0	53.8
H. Sales by U.S. Owned Firms	30.4	36.9
I. Exchange Rate	3.38	3.56

The internet is a fast growing sector in Peru. Industry experts estimate the market in Peru at \$44 million, projected to reach \$100 million by the year 2001. Extensive use of the internet at both the corporate and non-corporate levels has resulted in a significant increase in the number of Internet Service Providers (ISP) and Internet Public Cabins (IPC). Official figures report 500,000 Peruvians were on line at the end of 1999. According to an industry expert, this number increased to 800,000 by April 2000. Opportunities exist for U.S. companies interested in competing for services in the ISP and the IPC market, web development market, and e-commerce/e-financing software.

A. Rank: 10

B. Name of Sector: Medical Equipment

C. Industry Code: MED

	1998	1999	2000
D. Total Market Size	79.5	80.6	83.5
E. Total Local production	8.4	10.5	10.5
F. Total exports	1.9	2.0	2.0
G. Total Imports	73.0	72.1	75.0
H. Total Imports from U.S.	30.0	32.0	34.0
I. Exchange rate	2.93	3.38	3.56

The Peruvian market for medical equipment is estimated at US\$83.5 million. Health care service is provided by both the public and private sector. The public health service providers, formed by 118 hospitals are the Ministry of Health, ESSALUD, the social security institute and the armed forces. Private sector providers include 56 clinics and hospitals. About 75% of the population in Peru are cared for by public institutions. By law, public institutions can only purchase new equipment and devices while the private sector hospitals may buy used equipment.

Best prospects are: emergency room, surgery, intensive care and sterilization equipment; anesthesia machines, monitoring systems for vital functions, incubators, diagnostic and laboratory equipment;

surgery instruments, disposable syringes, catheters, and other sophisticated equipment.

A. Rank: 11

B. Name of Sector: Oil/Gas Equipment

C. Industry Code: OGM

	1998	1999	2000
D. Total Market Size	115.7	118.5	116.5 *
E. Total Local Production	0.0	0.0	0.0
F. Total Exports	0.0	0.0	0.0
G. Total Imports	115.7	118.5	116.5 *
H. Total Imports from U.S.	54.6	56.9	55.7 *
I. Exchange Rate	2.93	3.38	3.56

(*) If the mid-stream phase of the Camisea project is awarded as planned by early 2001 these figures will grow considerably for the three years through the scheduled 2003 delivery date for gas to Lima.

Upcoming projects in the oil and gas industry look promising for U.S. exports of oil/gas exploration, transportation, and storage equipment. The GOP hopes to sign several new hydrocarbons exploration and/or development contracts during the year 2000. Much attention has been focused on the development of the U.S. \$2 billion Camisea natural gas field. The GOP awarded, in February 2000, the upstream portion of the project to the consortium formed by Pluspetrol (Spain), Hunt Oil Co. (U.S.) and SK Corporation (Korea). The mid-stream portion of the project should be awarded in the second half of 2000 or early 2001.

Best prospects include: angular and frontal crane trucks, drilling and pumping machines, solid carbon steel bars, crowns and trepans, christmas tree valves, drill bits, drilling and extraction ground machinery, large drill and reamers, no repulse drilling machines, stainless steel globe valves, parts for turbines, steam single cylinder engines, integral large drills, carbon stainless steel slug, polyethylene pipe, seamless pipe, accessories for pipes, vessels for compressed gas, burners for gas, reducer pressure valves, gas valves and parts, safety valves, measurement and controllers, gas reducers and regulators and centrifugal pumps.

A. Rank: 12

B. Name of Sector: Pollution Control Equipment

C. Industry Code: POL

	1998	1999	2000
D. Total Market Size	356.9	392.6	372.4
E. Total Local production	69.3	76.2	72.4
F. Total exports	N/A	N/A	N/A
G. Total Imports	287.6	316.4	300.6
H. Total imports from U.S.	115.0	126.5	120.2
I. Exchange rate	2.93	3.38	3.56

Environmental awareness and an enforcement mentality emerged in Peru in 1992. Regulatory guidelines and protocols exist for the mining, oil and gas sectors. Revised policies will soon enter into effect for the fishing sector. The recent legislation decreed by the Ministry of Industry forces Environmental Compliance and Management Programs (Programa de Adecuacion y Manejo Ambiental-PAMA) for established manufacturing companies and an Environmental Impact Assessments (Estudio de Impacto Ambiental-EIA) or Environmental Impact Statements (Declaracion de Impacto Ambiental-DIA) for new manufacturing activities or expansion projects. Initially aimed at controlling the effects of certain industry sub-sectors, i.e. cement, tannery, paper and brewing, it is hoped that these environmental measures will expand into other sub-sectors. MINING: The National Council for the Environment (CONAM) reported that the mining sector has invested US\$160 million for environmentally focused projects from the US\$920 million projected for the 1997-2002 period. WATER: Water service coverage is still among the lowest in Latin America. Only 74 percent of Peruvians have access to potable water and 54 percent to sewage services. The amount of water treated after use is also generally very low. SOLID WASTE: It is estimated that 4,200 tons of trash is generated per day. Garbage is not properly collected and there is no formal recycling system. However it is hoped that recently developed legislation regarding solid waste disposal will create future demand within the waste management sub-sector.

Travel and Tourism Services

For the outbound segment, the United States is the destination for 60 percent of Peruvian international travelers. The peak seasons for Peruvians are summer vacation (January through March) and winter vacations (July and August). Peru currently has more than 63 weekly non-stop flights to several U.S. cities. American carriers are the main service providers: American, Delta, and Continental Airlines. Approximately 65 percent of Peruvian travelers visit the U.S. for tourism, 25 percent for business, and the remaining 10 percent for study.

Inbound Opportunities: Tourism has increased during the recent years due to the elimination of terrorist violence and Peru's economic opening. The GOP has targeted 2.5 million inbound tourists for 2005. While Peru will never be a mass-market destination, it is developing its own place in the global tourist market by focusing on its historical and environmental niches. Investment in hotel development over the past five years exceeds US \$330 million. The number of lodging establishments has grown by 127 percent in the 1990-98 period. Opportunities exist for franchise or other partnership agreements with renowned companies. Peruvian investors are looking for joint-venture opportunities with foreign hotels to raise standards and competitiveness.

Best Prospects for Agricultural Products

Product Statistics & Data (PS&D) Code: Hard Wheat (1000 MT—not \$ value)

	1998	1999	2000
A. Total Market Size	1,295	1,405	1,410
B. Total Local Production	145	167	160
C. Total Exports	0	0	0
D. Total Imports	1,150	1,238	1,250

E. Total Imports from U.S.	520	692	600
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Comments: Peru produces about 160,000 MT of soft wheat, which is used locally for traditional foods, and is not sold into processing channels. Most wheat is processed into flour for bread and pasta. U.S. wheat holds about 50 percent of the market.

PS&D Code: Yellow Corn (1000 MT)

	1998	1999	2000
A. Total Market Size	1,982	2,124	2,250
B. Total Local Production	932	1,074	1,150
C. Total Exports	0	0	0
D. Total Imports	1,050	1,050	1,100
E. Total Imports from U.S.	366	665	500

Comments: Consumption of yellow corn is mainly for poultry production. At about 23 kilograms per capita, consumption of poultry meat is one of the highest in the region. A small market for High Oil Corn exists, and should grow in the near term. Peru imports corn from Argentina and the United States.

PS&D Code: Milled Rice (1000 MT)

	1998	1999	2000
A. Total Market Size	1,150	1,335	1,260
B. Total Local Production	910	1,180	1,110
C. Total Exports	0	0	0
D. Total Imports	240	155	150
E. Total Imports from U.S.	141	83	100

Comments: Peru imports high quality rice from the United States mainly for higher income, urban consumers. Peru imports from the United States, Uruguay, and Argentina. Rice from Asia, and rough rice, is now excluded for phytosanitary reasons.

PS&D Code: Processed and Consumer Ready Foods (US \$ Millions)

	1998	1999	2000
A. Total Market Size	2,370	2,490	2,614
B. Total Local Production	1,658	1,963	2,061
C. Total Exports	na	na	na
D. Total Imports	712	527	553
E. Total Imports from U.S.	29	22	24

Comments: U.S. imported best prospects in the local market include snack foods, fresh fruits, cereals, beverages, dairy products, meats, nuts among others, which have a reputation for high quality in the market. Only about 17% of Peruvian consumers now shop in supermarkets. If the economy continues to grow, this industry, and the products it sells, will become even more interesting for U.S.

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exporters.

Other Prospects/Comments:

The market for U.S. animal genetics, including live animals, continues to show promise of being very interesting over the next several years. Both U.S. livestock and meat products show great potential, even though prices for U.S. meat and offal are higher than those of competing countries, mainly Argentina

Significant Investment Opportunities

Main Upcoming Privatizations

Company	Business
Centromin (Puy Puy gold prospect)	mining
Centromin (Toromocho copper and zinc deposit)	mining
Electroandes	hydro generation
Minero Peru (Alto Chicama coal deposit)	mining
Minero Peru (Las Bambas copper deposit)	mining
Minero Peru (Michiquillay copper deposit)	mining
Special Hydro/Irrigation Projects totaling 150,000 has.	agriculture/energy
Sugar cane production units (5) totaling 67,232 hectares and 18,700 MT/day milling capacity	agriculture/industry
Concessions	
Bayovar phosphates field	mining/industry
Camisea	natural gas
No. 5 Roads Network	highways
Chillon River	water
Bosques del Biabo	forests
Ports (Ilo, Pisco, Chimbote, Salaverry, Paita, Callao)	
Airports (Callao, Cuzco, Arequipa, Trujillo, Iquitos)	
Fixed Wireless Access (FWA)	telecommunications

Source: Commission for the Promotion of Private Investment

The Government of the United States acknowledges the contribution that outward foreign direct investment makes to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, roughly 60% of U.S. exports are sold by American firms that have operations abroad. Recognizing the benefits that U.S. outward investment brings to U.S. economy, the government of the United States undertakes initiatives, such as Overseas Private Investment Corporation (OPIC) programs, investment treaty negotiations and business facilitation programs, that support U.S. investors.

Chapter 6: TRADE REGULATIONS AND STANDARDS

Trade Barriers

Peru imposes 12% duties on 95% of the items on its tariff schedule and 20% on the rest (primarily textiles, footwear, and some agricultural products). The weighted-average tariff is approximately 13%, down from 80% in mid-1990.

Most imports are also subject to an 18% value added tax, as are domestically produced goods. In addition, an excise tax (ISC) is applied to certain products such as automobiles. There are no quantitative import restrictions.

In March 1991, Peru introduced a “temporary” 5% tax plus import surcharge (variable levy) on some basic agricultural commodities of which rice, corn, sugar and milk products remain taxed. The government argued that the surcharges were necessary to offset subsidies by exporting countries. The surcharges are calculated on a weekly basis, according to prevailing international prices for each commodity. As a condition for disbursement of a trade-sector loan from the Inter-American Development Bank, the government agreed to phase out the surcharges over a three-year period ending in 1997. The government began reducing the surcharges in increments in April 1994, but they continue on several products.

Customs Regulations

The Peruvian Customs Authority has been reformed and modernized over the last six years, with help from the World and the UN Development Program. As a result, Customs procedures are almost completely automated. Collections have more than tripled since 1991, despite dramatically lower tariff rates, and Customs officials claim contraband has been reduced by 65% to U.S. \$350 million, from more than U.S. \$1 billion in 1990. A Customs Law was promulgated in April 1996 to consolidate these reforms. However, some U.S. exporters continue to encounter problems with Peruvian Customs. For example, one of the reforms, designed to combat chronic under-invoicing, was the implementation of a pre-inspection system. The Customs service requires that all imports above U.S. \$5,000 FOB be inspected before shipment. Three private international companies, Bureau Veritas, Cotecna, and SGS, are authorized to conduct pre-shipment inspections for Peru. The importer pays up to 1% of the FOB value of the goods to cover the cost of the valuation. Importers complain that this system creates excessive delays and forces them to meet dual sets of requirements — one set by the Customs officials and one by the PSI company. The Peruvian government adopted the WTO Customs Valuation Code for 50% of the tariff codes on January 1, 2000, and the remaining half on April 1, 2000. Some observers believe the PSI regime has helped police the clearance process, and supported its retention even after the adoption of the new valuation regime.

Import Licenses

The government has abolished import licenses for the vast majority of products. The only remaining products requiring licenses are firearms, munitions and explosives imported by private persons, chemical precursors (applicable in cocaine production) and ammonium nitrate fertilizer, which has been used as a blast enhancer for terrorist car bombs.

Export licenses are required for cultural relics and antiques. In addition, end-user certificates are required for the export or re-export of items on the international munitions list, the international chemical/biological warfare (CBW) list and the missile technology control regime (MTCR) list. Such licenses cover an extremely small portion of total Peruvian exports — less than 1%.

Import/Export Documentation Requirements

For imports, the government requires an invoice, bill of lading, a packing list, proof of insurance and, for items worth more than U.S. \$5,000, a certificate of inspection done prior to shipment (see section “Pricing the Product” in Chapter IV. “Marketing U.S. Products and Services”). If the product is imported from the Andean Community (Colombia, Venezuela, Ecuador and Bolivia), a certificate of origin is required to qualify for tariff preferences. A certificate of quality is required for pharmaceutical products.

For exports, a bill of lading and invoice are required, as well as an end-user certificate in the case of the export of munitions-controlled, CBW, or MTCR items.

Temporary Entry

Goods admitted into Peru temporarily for re-export within a year can receive duty drawback from customs. Documentation requirements are the same as those listed above.

Labeling, Marking Requirements

Labeling requirements are relatively simple. Products normally retain their original labels and the name and taxpayer identification number (RUC) of the importer/distributor must be added to the packaging.

Prohibited Imports

Very few items have been prohibited from importation in the last years. The importation of used clothing and shoes is prohibited, although imports of donated used clothing and shoes are exempt from the prohibition. Importation of some insecticides, fireworks, and toxic waste is also restricted. Imports of used cars more than five years old and used trucks more than eight years old are prohibited. Used tires are also prohibited.

Standards

The government has no specific standards required for imports. Some industry standards are developing in the private electronics and construction industries. Peru’s consumer watchdog agency, INDECOPI, has a small standards office to develop and enforce Peruvian product standards.

Membership in Free Trade Arrangements

Peru has been a member of the Andean Community (formerly the Andean Pact) since 1969. The

Andean Community is comprised of Peru, Venezuela, Ecuador, Colombia, and Bolivia. In 1992 Peru suspended its participation in the Andean Community's integration process because it was reluctant to abandon its two level tariff structure for the four-tiered common external tariff (CET) favored by the other members. In 1997, Peru agreed to be fully and gradually incorporated into the Community's free trade area (FTA) by December 2005. Nonetheless, a majority of its trade within the community is already free of tariffs. Peru does not adhere to the community's common external tariff (CET), maintaining its own, flatter tariff structure. Peru's average tariff stands at about 13 percent, down significantly from 66 percent at the beginning of 1990.

As part of the Andean Community, Peru has participated in lengthy negotiations to establish a free trade area with Mercosur. On April 16, 1998, the Andean Community signed a framework agreement with Mercosur as the first step toward building a South American free trade zone. Although negotiations with Mercosur came to a standstill in 1998, the Andean Community concluded a trade liberalization agreement with Brazil that entered into force in Peru in August 1999. This agreement gives preferential treatment for about 98% of Peru's exports to Brazil, while 44% of Peruvian imports from Brazil were granted preferential treatment.

Within the framework of the Latin American Integration Association (ALADI), Peru has signed bilateral trade agreements with Argentina, Brazil, Chile, Cuba, Mexico, Paraguay, and Uruguay. Although tariff concessions under most of these agreements are relatively limited, Peru's 1998 agreement with Chile calls for the elimination of all trade barriers by the year 2016, with most tariffs removed in the next four years.

Peru became a full member of the Asia Pacific Economic Cooperation (APEC) forum in November 1998. Peru is also an active participant in the preparations to establish a Free Trade Area of the Americas (FTAA) by 2005.

Customs Contact Information

Superintendencia Nacional de Aduanas
 Av. Gamarra 680, Chucuito, Callao, Peru
 (511) 465-5885, 469-0058
 Arturo Ramirez – Superintendent
 Alfonso Gonzalez Paz – General Secretary
 (511) 465-1926, telfax (511) 465-0585
 Regina Basic – Public Relations, fax (511) 465-6908
<http://www.aduanet.gob.pe>

Chapter 7: INVESTMENT CLIMATE

Openness to Foreign Investment

The Peruvian government seeks to attract investment — both foreign and domestic — in most sectors of the economy. Following election to his first term as president in 1990, Alberto Fujimori steadfastly promoted economic stabilization and liberalization policies, which lowered trade barriers, lifted restrictions on capital flows, and opened the economy to foreign investors. The Fujimori

administration also has been successful in reducing terrorism significantly. Marked growth in foreign investment since 1993 stemmed from those policies. Economic reform and privatization slowed in President Fujimori's second term, as did direct and indirect foreign investment flows. But with the appointment of a new economic team, he appeared to be set to restart reforms and encourage investment as the principal means of promoting growth as he began his third term in office in July 2000. Despite the president's inaugural speech, in which he downplayed the role of private sector investment and suggested the state would play a larger role in promoting industrial activity, appointment of new, business-oriented ministers to key economic portfolios and the announcement of a series of reform measures in August 2000 provided encouraging signs that the GOP would seek to improve the investment climate.

In addition to the 1993 Constitution (enacted January 1, 1994), the major laws concerning foreign direct investment in Peru are the Foreign Investment Promotion Law (Legislative Decree (DL) 662 of September 1991) and the Framework Law for Private Investment Growth (DL 757 of November 1991). The two 1991 laws were implemented by Supreme Decree 162-92-EF (October 1992). Two other important laws are the Private Investment in State-Owned Enterprises Promotion Law (DL 674) and the Private Investment in Public Services Infrastructure Promotion Law (DL 758). Under Article 63 of the Constitution, "national and foreign investment are subject to the same terms" and is permitted in almost all economic sectors. While the Peruvian government does not screen foreign direct investment, foreign investors must register with the National Commission on Foreign Investment and Technology (CONITE) to obtain the guarantee that they will be able to repatriate capital, profits, and royalties.

Foreigners are forbidden from owning radio and television stations in Peru; nevertheless, foreigners have owned controlling interests in such companies. In addition, under the Constitution, foreign interests cannot "acquire or possess, under any title, mines, lands, forests, waters, or fuel or energy sources" within 50 kilometers of an international border. However, foreigners can obtain concessions and rights within the restricted areas with the authorization of a supreme resolution approved by the Cabinet. Such authorization would need a favorable opinion from the Joint Command of the Armed Forces. All investors — domestic and foreign — need prior approval before investing in weapons manufacturing industries.

In 1991, the Peruvian government began an extensive privatization program, encouraging foreign investors to participate. From 1991 through 1999, privatization sales totaled over \$8 billion, of which foreign investors had purchased the vast majority. Foreign investors have the same rights as national investors to benefit from any investment incentives, such as tax exemptions. However, the constitutional pledges that foreign investors enjoy national treatment have not prevented the government from deviating from that policy on occasion. For example, in June 1998 the government's Privatization Committee (COPRI) offered substantial financing incentives (amounting to subsidies) to national bidders only, effectively excluding foreign investors.

Conversion and Transfer Policies

Under Article 64 of the 1993 Constitution, the Government of Peru guarantees the freedom to hold and dispose of foreign currency; hence, there are no foreign exchange controls in Peru. All restrictions on remittances of profits, dividends, royalties, and capital have been eliminated, although foreign investors are required to register their investments with CONITE (as noted above) to ensure

these guarantees. Exporters and importers are not required to channel their foreign exchange transactions through the Central Reserve Bank of Peru and can conduct transactions freely on the open market. Anyone may open and maintain foreign currency accounts in Peruvian commercial banks. U.S. firms have reported no problems or delays in transferring funds or remitting capital, earnings, loan repayments or lease payments since Peru's economic reforms came into effect in the early 1990s.

The 1993 Peruvian constitution guarantees free convertibility of currency. The Central Reserve Bank of Peru is an independent institution, free to manage monetary policy to maintain financial stability, although it has on occasion bowed to political pressure from the Executive Branch. The Central Bank's primary goal is to keep inflation in check. At the end of 1999 the Peruvian currency (the new sol) had depreciated nominally against the dollar by 11.1 percent, or 7.4 percent in real terms. During the first six months of 2000, with accumulated inflation of only 3.2 percent, the sol experienced a real appreciation of 2.9 percent. At the end of July, the exchange rate was 3.48 sols to the dollar. Barring unforeseen external shocks, expectations are that the rate at the end of 2000 will be about 3.60 sols to the dollar.

Expropriation and Compensation

According to the Constitution, the Peruvian government can only expropriate private property on public interest (such as for public works projects) or national security grounds. Any expropriation requires the passage of a specific act of the Congress. The Government of Peru has expressed its intention to comply with international standards concerning expropriations; recent expropriations of agricultural land south of Lima and of land adjacent to the Lima international airport have not elicited complaints of lack of due process or prompt, adequate compensation. Neither of these recent cases involved foreign investors. Adequate payment to owners of agricultural lands expropriated by the Peruvian Government in 1968 is still at issue. The Embassy is not aware of any current investment disputes between U.S. citizens or companies and the Government of Peru.

Dispute Settlement

The Fujimori administration has worked from the outset to resolve investment and expropriation disputes inherited from previous governments. An eight-year-long dispute between the American International Group and the Peruvian government regarding the Belco Petroleum expropriation was resolved in 1993, when the Government of Peru signed a compensation agreement and paid the \$184.7 million settlement. Investment disputes with Southern Peru Copper Limited and Occidental Petroleum were resolved in December 1991.

There are courts of first instance located in the provinces (in addition to a court of first instance in the capital city, Lima), while all courts of appeal (second instance and Supreme Court) are located in Lima. In principle, secured interests in property, both chattel and real, are recognized. However, the judicial system is often slow to hear cases and to issue decisions. In addition, outcomes have been difficult to predict. Until recently, judges were not compelled to consider precedent when rendering decisions. Moreover, the capabilities of individual judges vary substantially, and allegations of Peruvian government interference in the judicial system are common. These considerations have meant that foreign investors, among others, have found that contracts are often difficult to enforce in Peru.

Under the 1997 Law of Conciliation (DL 26872), which went into effect on January 1, 2000, disputants in many types of civil and commercial matters are required to consider conciliation before a judge can accept a dispute to be litigated.

Peru has commercial and bankruptcy laws. Bankruptcy law is administered by INDECOPI (the National Institute for the Defense of Free Competition and the Protection of Intellectual Property). The creditor hierarchy is similar to U.S. bankruptcy law, and monetary judgments are usually made in local currency.

A law permitting international arbitration of disputes between foreign investors and the government or state-controlled firms was issued in December 1992. The same proviso was later included in the 1993 Constitution. As a result, the Government of Peru accepts binding international arbitration of investment disputes in accordance with national legislation or international treaties to which it is a party. Peru is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention of 1958), and to the International Center for the Settlement of Investment Disputes (the Washington Convention of 1965). Disputes between foreign investors and Government of Peru regarding pre-existing contracts must still be submitted to national courts. However, investors who conclude a juridical stability agreement for additional investments may submit disputes with the government to national or international arbitration if stipulated in the agreement.

Performance Requirements and Incentives

Peru offers both foreign and national investors legal and tax stability agreements to stimulate private investment. These agreements guarantee that current statutes on income taxes, remittances, export promotion regimes (such as drawback), administrative procedures, and labor hiring regimes will remain unchanged for that investment for 10 years. To qualify, an investment must exceed \$2 million within two years; a qualified investment may be less than \$2 million provided that it generates more than 20 permanent jobs and generates more than \$10 million in exports within two years of the agreement's signing. An agreement to acquire more than 50 percent of a company's shares in the privatization process may also qualify an investor for a juridical stability agreement, provided that the infusion will expand the installed capacity of the company or enhance its technological development. There are no performance requirements that apply exclusively to foreign investors. Legal stability agreements are subject to Peruvian civil law, which means they cannot be altered unilaterally by the government. Investors are also offered protection from liability for acquiring state-owned enterprises. As of mid-2000, provisions pertaining to tax stability agreements were under review by the Peruvian congress and executive.

Laws specific to the petroleum and mining sectors also provide assurances to investors. In August 2000, the government modified the General Mining Law. Among the changes are a reduction in the amount of time concessionaires have to achieve the minimum annual production; an increase in fees for holding non-productive concessions; an increase in fines for not achieving minimum production within the allotted time; and a reduction in the maximum allowable annual accelerated depreciation. The changes do not affect those investors who have signed legal stability agreements with the government. Additional legal changes affecting mining investments were being considered in mid-2000.

Parties may freely negotiate contractual conditions related to licensing arrangements and other aspects of technology transfer without prior authorization. Registry of a technology transfer agreement is required for a payment of royalties to be counted against taxes. Such registration is automatic upon submission to CONITE (the National Commission on Foreign Investment and Technology).

Current law limits foreign employees to no more than 20 percent of the total number of employees in a local company (whether owned by foreign or national interests), and restricts their combined salaries to no more than 30 percent of the total company payroll. However, DL 689 (November 1991) provides a variety of exceptions to these limits. For example, a foreigner is not counted against a company's total if he or she holds an immigrant visa, has a certain amount invested in the company (currently about \$4,000) or is a national of a country that has a reciprocal labor or dual nationality agreement with Peru. Foreign banks and service companies, and international transportation companies are also exempt from these hiring limits, as are all firms located in free trade zones. Furthermore, companies may apply for exemption from the limitations for managerial or technical personnel.

Right to Private Ownership and Establishment

Foreign and domestic entities are generally permitted the right to establish and own business enterprises and to engage in most forms of remunerative activity. Subject to the restrictions listed in section A.1., both foreign and domestic entities may invest in any legal economic activity — including foreign direct investment, portfolio investment, and investment in real property. Private entities may generally freely establish, acquire, and dispose of interests in business enterprises. In the case of some privatized companies deemed important by the government COPRI has included a so-called “golden share” clause in the sales contract, which allows the government to veto a potential future purchaser of the privatized assets.

Protection of Property Rights

As noted in section A.4., in principle, secured interests in property (both chattel and real) are recognized. However, the Peruvian judicial system is often slow to hear cases and to issue decisions, and outcomes have been difficult to predict. Thus, foreign investors, among others, have found that contracts are often difficult to enforce in Peru. Improving the judicial system is a key goal of both U.S. Government assistance to Peru (through the U.S. Agency for International Development) and that of the World Bank.

Transparency of the Regulatory System

Many of the central government entities foreign firms must deal with — the tax authority (SUNAT), the entity that maintains the company registry and supervises securities and exchanges (CONASEV), and the entity charged with handling competition policy and intellectual property matters (INDECOPI) — have procedures that are relatively transparent and predictable. Banks, insurance companies and private pension funds are regulated primarily by the Superintendency of Banking and Insurance (SBS), which is charged with determining the qualifications of potential market entrants, and regulating firms once they have begun operations; SBS regulations are also seen as being trans-

parent. Still, various other procedures—such as obtaining building licenses or certificates of occupancy—require many steps to carry out, and information on necessary procedures is often difficult to obtain. Business people often complain of excessive government red tape.

Peru's two main business organizations (SNI and CONFIEP—see Contacts Section) allege that high government-imposed costs impede investment. Even though import tariffs are much lower than previously, high import duties (averaging 13 percent ad valorem), together with the 18 percent value added tax on goods, high social security tax rates, and onerous labor laws increase investment costs significantly and hinder the efficient mobilization and allocation of investment capital. Since mid-1998, SNI and CONFIEP have lobbied the government to lower these barriers, which they claim would restore profitability to Peruvian industry hit hard by the effects of competition from foreign goods brought by the opening of the Peruvian economy, the effects of El Nino, and the Asian financial crisis.

Efficient Capital Markets and Portfolio Investment

Credit is allocated on market terms and the banking industry in Peru is generally considered to be competitive in offering services to business customers. Foreign investors can obtain credit on the local market once they have established a favorable track record here. The private sector has access to a variety of credit instruments. In 1999, firms registered almost \$817 million and sold US\$572 million on the local bond market, which has been propelled recently by demands for investment instruments by private pension fund companies, whose growth has been explosive.

All companies over a certain size (by assets or net worth) are regulated by CONASEV, the National Commission for the Supervision of Companies, Securities and Exchanges, which maintains the Public Registry of Securities and Stock Brokers. CONASEV is the Peruvian government entity charged with the study, promotion, and regulation of the securities and commodities markets, the control of market participants and the maintenance of an orderly market, and the publication of financial information about covered companies. All firms listed on the Lima Stock Exchange (Bolsa de Valores de Lima) must be vetted by CONASEV, according to the Stock Market Law (DL 861). CONASEV's goal is to promote market transparency, to prevent monopolies, and to prevent fraud. In that regard, issuers of stock are required to inform CONASEV and (as applicable) the relevant stock exchange or body in charge of supervising the centralized trading mechanism, of events that affect or might affect the stock, the company, or any public offerings. Trading on insider information is a crime.

Total assets of the commercial banks were approximately \$20.7 billion at the end of June 2000. While the banking system is considered generally sound, El Nino and global financial turmoil have taken their toll. Under the SBS's conservative criteria, 11.0 percent of total loans were assessed as non-performing as of June 30, 2000, up from 7.4 percent at the end 1998. Competition from the entry of foreign banks and the provisioning requirements of the SBS — which vary according to the risk assessment of each loan or other credit — have brought about consolidation in the banking sector. Banks have revamped operations, increased capitalization, and reduced costs. By mid-2000, foreigners were majority owners of 11 of Peru's 19 banks, and held a minority stake in an additional five.

Larger private firms often use “cross-shareholding” and “stable shareholder” arrangements to restrict

investment by outsiders — not necessarily foreigners — in their firms. Since close family or associates generally control ownership of Peruvian corporations, hostile takeovers are practically nonexistent in Peru. No assessment can thus be made of measures firms use to repel such moves. Peruvian law and regulations do not authorize or encourage private firms to adopt articles of incorporation or association to limit or restrict foreign participation; neither are there any private- or public-sector efforts to restrict foreign participation in industry standards-setting organizations.

Foreign investment registered with CONITE as of June 2000 was almost \$9.3 billion. Portfolio investment totaled \$3.7 billion as of March.

Political Violence

The level of political violence has declined dramatically since 1992, in large part due to the arrest of key terrorist leaders and the government's ongoing counterinsurgency efforts. The Sendero Luminoso (SL, known as Shining Path in English) and the Tupac Amaru Revolutionary Movement (MRTA) terrorist groups have specifically targeted foreign companies as well as large local companies, but there have been no attacks on international businesses in over three years.

The last major terrorist bombing incident in Lima was in May 1997, shortly after the successful April 1997 rescue by Peruvian government troops of the remaining hostages taken by the MRTA in the Japanese ambassador's residence in December 1996. SL violence is now largely confined to the Upper Huallaga Valley (Department's of Huanuco, San Martin, and Ucayali), the isolated provinces of La Libertad and of Junin Departments, and the Northeastern provinces of Ayacucho Department.

Violence erupted briefly in Lima during largely peaceful demonstrations on July 28, 2000 following President Fujimori's election to a disputed third term of office. The violence resulted in substantial property damage, as well as a number of injuries and six deaths, but it was not directed at foreign interests. Government representatives and opposition political parties have since begun a dialogue that has reduced tensions and the prospect for further violent protests.

Due to the general terrorist threat, it is recommended that potential investors contact U.S. Embassy Lima's Regional Security Office before traveling to remote areas of the country. The RSO can be reached by telephone at [51](1) 434-3000.

Corruption

It is illegal in Peru for a public official or employee to accept any type of consideration for the performance of his or her official duties; nevertheless, even one of Peru's leading business newspapers has pointed at corruption as a factor influencing the business climate.

It is generally thought, however, that the occasional petty public sector corruption is not as prevalent in Peru as it is in other countries in South America. Peru has signed the Organization of American States' Inter-American Convention Against Corruption. Peru is not a member of the Organization of Economic Cooperation and Development, and has not signed its Convention on Combating Bribery. U.S. firms have not reported corruption as an obstacle to direct foreign investment, although some U.S. firms have complained about bribes in the procurement process.

Bilateral Investment Agreements

Although Peru has not yet negotiated a Bilateral Investment Treaty with the United States, between 1994 and the present, it has signed bilateral investment agreements with 27 countries (listed below). The United States Government has expressed its interest to the Government of Peru in negotiating such an agreement on terms that would safeguard the interests of present and future U.S.-source foreign direct and portfolio investment in Peru. Peru and the United States have not negotiated a Bilateral Taxation Agreement, and current U.S. investors have not signaled its absence as an issue of concern.

Peru's Current Bilateral Investment Agreements

Argentina (1994)	El Salvador (1997)	Paraguay (1994)
Australia (1995)	Finland (1995)	Portugal (1994)
Bolivia (1993)	France (1993)	Rumania (1994)
Chile (2000)	Germany (1995)	Spain (1994)
China (1994)	Italy (1994)	Sweden (1994)
Colombia (1994)	Korea (1993)	Switzerland (1991)
Czech Rep (1994)	Malaysia (1995)	Thailand (1991)
Denmark (1994)	Netherlands (1994)	United Kingdom (1993)
Ecuador (1999)	Norway (1995)	Venezuela (1996)

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC), an independent U.S. government agency, offers medium- to long-term financing and political risk insurance. OPIC signed agreements with Peru in December 1992, and in July 1994, OPIC began approving requests for political risk insurance (including for inconvertibility of currency). In 1999, OPIC provided coverage worth \$62 million. Because of the free convertibility of currency, the U.S. Embassy purchases Peruvian currency for expenses on an as-needed basis, at the market exchange rate. Peru is a member of the Multilateral Investment Guarantee Agency.

Labor

Labor is abundant and trainable, although there is a shortage of highly skilled workers, and wages for professional staff are high (sometimes higher than U.S. wages for the same category). The presence of organized labor in the Peruvian economy continues to decline; it is estimated that less than 6 percent of the labor force is organized. Unemployment officially stood at 7.7 percent in the third quarter of 1999; surveys suggested that about 43 percent of the economically active population was underemployed, mostly working in the informal sector for below subsistence wages. Since March 2000, the legal minimum wage for workers is 410 nuevos soles per month (about \$118 at the July 2000 exchange rate). Most workers in the formal sector receive more than the minimum wage, as well as additional non-wage benefits.

In 1991-92, a comprehensive labor law and other related laws replaced a complicated mass of old statutes and regulations that had led to high labor inefficiency in both the private and public sectors.

The new laws allow for multiple forms of unions across company or occupational lines, thus permitting multiple unions in the same company. Workers in probation status or on short-term contracts are not eligible for union membership. Bargaining agreements are considered contractual agreements, valid only for the life of the contract. Productivity provisions must be included in any collective bargaining agreement. The number of officials and the amount of time union officials may devote to union work with pay is limited to 30 days per year. Unless there is a pre-existing labor contract covering an occupation or industry as a whole, unions must negotiate with each company individually. A labor law passed in July 1995 has further liberalized hiring.

Union or management can request binding arbitration in contract negotiations. Strikes can be called only after approval by a majority of all workers (union and non-union) voting by secret ballot and only in defense of labor rights. Unions in essential public services, as determined by the government, must provide a sufficient number of workers, as determined by the employer, during a strike to maintain operations.

The 1993 constitution provides for a maximum workday of 8 hours, with 48 hours as the maximum week. The labor code also sets a 45-hour workweek for women, including 24 hours rest per week and 30 days paid annual vacation for all workers. Workers readily sacrifice these and other benefits in exchange for regular employment. Strike activity has declined markedly over the past eight years. Since these new labor laws were passed, workers efficiency has risen substantially.

Foreign Trade Zones/Free Ports

Current Peruvian Law governs the two types of free trade zones: export, transformation, industry, trade and services zones (CETICOS), and a special commercial treatment zone (ZOTAC) in Tacna. The rules and benefits applying to these zones are the same for foreign and national investors.

Companies established at CETICOS and which export not less than 92 percent of their output, are exempted from all taxes, dues and contributions from the Central government and Municipalities. CETICOS exist at Ilo, Matarani, Paita, Tacna and Loreto. The export requirement for the Loreto CETICOS is more than 80 percent of production. Companies locating in ZOTAC pay only 8 percent customs duties (normal rates are 12 or 20 percent) on goods unloaded at the ports of Ilo and Matarani, and are exempt from the sales (IGV), Municipal Promotion (IPM) and excise (ISC) taxes.

Foreign Direct Investment Statistics

The stock of foreign direct investment in Peru was \$9.3 billion by mid-2000, according to CONITE (the National Committee on Foreign Investment and Technology). Spanish investors held the largest share (26 percent), mostly as a result of acquisition by Spanish investors of the companies now known as Telefonica del Peru. The United States held 20 percent, the United Kingdom 18 percent, and the Netherlands and Panama held 8 and 6 percent respectively. However, calculated on a replacement-cost basis, the U.S. is by far the largest source of foreign direct investment in Peru. The statistics are also skewed because CONITE records investments on the basis of country registry, rather than control. Thus, an investor registered in the Bahamas, for example, is recorded as British even if the parent is a U.S. company. As a result, the Embassy believes that U.S.-controlled investment represents a higher share than the official 20 percent. The largest investments registered in 1999 were from the United Kingdom, the United States, and Canada. By sector, communications

received 25 percent of foreign direct investment, followed by mining (18 percent), energy (17 percent), industry (16 percent), and finance (14 percent).

As of June 30, 2000, investors had signed 295 legal stability contracts with the Government of Peru covering about \$7.4 billion in investment. Legal stability contracts commit the government not to apply any future changes in the laws governing a specific investment in exchange for promises to invest a given amount. In June 2000, CONITE was estimating (optimistically) future foreign investments of \$12.4 billion, principally in the mining (about two thirds) and hydrocarbons (about one fifth) sectors. Given current high development costs and Peru's tax regime, it is likely that several projects included in CONITE's estimate, worth at least \$8.3 billion, will not be carried out in the next few years.

VIII. TRADE AND PROJECT FINANCING

Banking System

Peru's banking system is composed of 19 commercial banks and several municipal and rural savings banks, together with three government-owned entities: the Central Bank (Banco Central de Reserva del Peru, or BCRP), a deposit-taking institution (Banco de la Nacion), and a development bank (COFIDE). The commercial banks—along with five finance and eight leasing companies—are regulated by the Superintendency of Banks and Insurance (known by its Spanish initials, SBS). SBS policy is generally to follow regulatory guidelines set by the Basle, Switzerland-based Bank for International Settlements (BIS) where possible. For example, bank financial statements must be audited in compliance with internationally accepted auditing standards; in cases not covered by BIS guidelines, regulators use standards set by the (U.S.) Financial Accounting Standards Board. In addition, SBS regulations require that all deposit-taking institutions have periodic compulsory assessments by at least two independent credit rating agencies, whose capacity to perform is assessed by the SBS.

Customer deposits carry deposit insurance financed by commercial bank contributions to an insurance fund. The amount is adjusted quarterly on the basis of the wholesale price index. For the June-August 2000 period, accounts were insured for 66,359 soles, about US\$18,960 at current exchange rates. Although it is legally empowered to do so, the Central Bank does not envision having to act as a "lender of last resort" in the case of a run on a commercial bank, since the SBS has set reserve and liquidity requirements on deposits and other short-term liabilities at relatively high levels. Marginal reserve requirements on new sol and dollar deposits are 7 and 20 percent, respectively, with average requirements of 7 and 37.2 percent, respectively, at the end of June 2000. Banks must also meet liquidity requirements on all short-term liabilities, including amounts due to banks outside of Peru. Should the need arise, the Central Bank has access to just over \$350 million in credits from the Latin American Reserves Fund (Fondo Latinoamericano de Reservas, or FLAR), for up to 180 days. FLAR's assets are backed by U.S. Treasury instruments.

The banking system is highly concentrated after a stream of takeovers, mergers and liquidations since 1998. As of mid-2000, the four largest banks had about 64 percent of loans and about 76 percent of deposits. Total banking system assets were about \$20.7 billion. During 1999, commercial bank loan portfolios fell about 17 percent, to about \$11.0 billion. Equity decreased 3 percent to

US\$1.9 billion. At the end of 1999 SBS reported that 9.1 percent of loan portfolios were non-performing. By mid-2000 the figure had risen to 11.0 percent, but most analysts believed that a further rise was unlikely.

Trade financing is available to the Peruvian purchasers of U.S. goods and services through their local banks. U.S. suppliers of goods and services also have access to the Export-Import Bank of the United States (Eximbank), which offers loans and loan guarantees to U.S exporters and to the foreign purchasers of U.S. goods and services. It also provides credit insurance to U.S. businesses against non-payment by foreign buyers in the case of political or commercial risk. The Overseas Private Investment Corporation (OPIC), an independent U.S. government agency, offers medium- to long-term financing and political risk insurance. The U.S. Trade and Development Agency is an independent federal agency that assists U.S. companies competing for infrastructure and industrial projects by funding feasibility studies, orientation visits, specialized training grants, business workshops, and various forms of technical assistance. Its areas of concentration are agriculture, energy, environment, health care, manufacturing, mining and minerals development, telecommunications, transportation, and water resources.

Most U.S. business people select a correspondent bank by soliciting a recommendation from their U.S. bank. Most Peruvian banks have correspondent banking relationships with some U.S. bank or banks. As of June 30, 2000, the Peruvian commercial banks that have correspondent banking relationships with U.S. banks were (in alphabetical order):

- Banco BBV-Continental
- Banco de Comercio
- Banco de Credito
- Banco del Nuevo Mundo
- Banco Financiero
- Banco Interamericano
- Banco Latino
- Banco Santander Central Hispano
- Banco Sudamericano
- Banco Wiese Sudameris
- BankBoston
- Citibank
- Interbank
- NBK Bank
- Standard Chartered

Chapter 9: BUSINESS AND TRAVEL INFORMATION

Business Customs

Business is conducted in Spanish. Although a great number of executives in the Peruvian business community speak English, it is advisable to have all promotional literature translated into Spanish. Peruvians are formal when engaged in business relations and suits and ties are the norm. Business hours in Peru are generally from 9:00 a.m. to 5:30 p.m. Breakfast meetings are becoming more

common, and business lunches are normally scheduled between the hours of 1:00 to 3:30 p.m. Some shops and some businesses operate from 10:00 a.m. to 1:00 p.m. and from 4:00 p.m. to 8:00 p.m., although continuous operation is increasingly common. Business offices are closed on Saturdays. In the provinces, business hours are usually from 9:00 a.m. to 1:00 p.m. and from 4:00 p.m. to 7:00 p.m.

Lima is situated directly south of New York and is in the Eastern Standard time zone, but Peru does not follow daylight savings time. Dates are written starting with the day of the month, followed by the month and finishing with the year. The currency is the Nuevo Sol. As of July 2000, the exchange rate was 3.50 soles to one U.S. dollar. The metric system is used for weights, measures, and mathematical expression.

For further information, business travelers should note that the "Foreign Service Posts: Guide for Business Representatives" is available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel. (202) 512-1800; fax (202) 512-2250. Business travelers to Peru seeking appointments with U.S. Embassy Lima officials should contact the Commercial Service in advance. The Commercial Service can be reached by telephone at (511) 434-3040 or 434-3000; by fax at (511) 434-3041 or by E-mail at: Lima.Office.Box@mail.doc.gov.

Consular Information Sheet and Visas

The U.S. Department of State issues Consular Information Sheets for all foreign countries, including Peru. This document may be obtained via the Internet, at Website "travel.state.gov", from the Consular Affairs Bureau, Office of Overseas Citizen Services, Department of State, Room 4817, Department of State, 2201 C. Street, N.W., Washington, D.C., 20520, or from the U.S. Embassy at the address noted in Chapter XI, Appendix E: U.S. and Country Contacts. Travel information in general is also available at the telephone number (202) 647-5225, or fax (202) 647-3000. Useful information on guarding valuables and protecting personal security while traveling abroad is provided in the Department of State pamphlet "A Safe Trip Abroad." This publication, as well as others such as "Tips for Travelers to Central and South America," are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402.

A valid U.S. passport is required to enter Peru. Tourists staying less than 90 days do not require visa. It is recommended that business travelers to Peru travel on a tourist visa provided they are not reimbursed for their services while in Peru. However, if any compensation is earned and paid while in Peru, a business visa is required and a tax declaration must be processed before departing Peru. This process takes approximately three days. Travelers should contact the Embassy of Peru, 1700 Massachusetts Avenue, N.W., Washington, D.C., 20036, telephone number (202) 833-9860, or the nearest Peruvian consulate for visa information. There are Peruvian consulates in California, Florida, Illinois, New York, New Jersey, and Texas.

In general, the Department of State recommends that all U.S. citizens traveling overseas register with the American Citizen Services Unit, Consular Section, of the U.S. Embassy upon arrival. The U.S. Embassy in Peru is located on Avenida La Encalada, Block 17, Monterrico, Lima. The American Citizen Services Unit is open from 8:00 am to 12 noon on weekdays, except U.S. and Peruvian holidays. Registrants should bring their U.S. passport plus one photo. There is no fee for this service. Prior registration will facilitate the replacement of a lost or stolen U.S. passport. The loss

or theft of a U.S. passport overseas should be reported immediately to the local police and the nearest U.S. Embassy or Consulate. The Embassy telephone number is (511) 434-3000. In case of an emergency after working hours, U.S. citizens should contact the Embassy at 434-3032. The e-mail address for the Consular section is consularlima@state.gov.

There is a consular agent, Dra. Olga Villagarcia, in Cusco to assist U.S. citizens traveling in that area, including to Machu Picchu. Her office is located at Anda Tullumayu 125, Cusco, telephone number (51-84) 24-5102, fax numbers 23-3541, 23-9822, Internet address icpnacus@telser.com.pe.

Holidays

The Peruvian official holidays are:

- Independence Day	July 28, 29	2000
- Santa Rosa de Lima	August 30	2000
- Battle of Angamos	October 8	2000
- All Saints' Day	November 1	2000
- Immaculate Conception	December 8	2000
- Christmas Day	December 25	2000
- New Year's Day	January 1	2001
- Maundy Thursday	April 12	2001
- Good Friday	April 13	2001
- Labor Day	May 1	2001
- Saints Peter and Paul	June 29	2001

Business Infrastructure

The main roads (7,300 km.— about 10% of Peru's total road network) have been rehabilitated after long neglect and the 1998 El Nino weather phenomenon. Furthermore, the Government of Peru has a \$1.5 billion plan aimed at having 70% of the road infrastructure paved by the year 2005. Funds are available from the IDB, World Bank and Japan's Bank for International Cooperation (JBIC). The following IDB projects are currently in identification/preparation stage: Rehabilitation and Maintenance of Rural Roads II (PE0140), Alternative Development for Highways (PE0195), Transportation Development (TC9901029), and Development of Alternative Roads (TC9911003). Over 6,800 km. of roads will be given in concession to the private sector in twelve different projects. This program, scheduled to start in late 2000, represents an estimated investment of over \$2.1 billion during the next twenty years.

The state-run railroad system is underdeveloped, but through privatization, it is expected that the new investors will improve the rail system. Ferrocarriles del Peru, an eight-company consortium won the bid in July 1999 for the 30-year concession of the Peruvian railways. Two operators are currently running the three-railway systems. The 380 Km. Central railway from the port of Callao to La Oroya- Huancayo run by Ferrocarril Central Andino S.A. (in which the U.S. firm Railroad Development Corporation participates), the 915 Km. Southern railway (Matarani-Mollendo-Arequipa-Puno-Cuzco) and the small South-eastern railway (Cuzco-Quillabamba) run by Peru Rail S. A.

There are a number of Peruvian airlines serving routes within Peru. Currently Peru's international

airlines are Aero Continente, Taca Peru and LanPeru. Only the latter flies to the U.S. (Miami). Lima is served by three U.S. airlines—American, Continental and Delta Airlines. International flights are available to most major cities in South America. Currently, the direct flights to the United States are to Atlanta, Dallas, Houston, Los Angeles, Miami and Newark. Flights between Peru and the United States have increased significantly since early 1995, and an “Open Skies” agreement was signed in 1998, which will allow unlimited frequencies by June 2002. There are also regular cargo flights to Miami on both U.S. and Peruvian carriers.

There is a high incidence of traffic accidents in Peru, frequently involving mini-buses and buses. Public ground transportation is not recommended. Taxis are abundant and not metered, so fares must be negotiated before getting into the cab. More reliable radio taxis are highly recommended. Transportation to and from the airport by radio taxi or taxi service is approximately U.S. \$20. Tips are not expected on short rides. If you lease a car with a driver, a tip is common.

A number of new hotels have opened since 1992 and existing hotels have been renovated and expanded, so many business-class hotel rooms are currently available in Lima, and rates are highly competitive by regional standards. Reservations should be made at least two weeks in advance. Cost and availability of rented residential space, apartments, or offices is relatively high. Although stagnant during the last two years, recovery in commercial building should take place from the end of 2000 and during 2001.

The communications system is being modernized following the privatization of the telephone company in 1994. The cost of a call to the United States is approximately U.S. \$0.78 per minute. The demand for better communications services is tremendous after many years of poor service and non-investment. Cellular phones are very popular among businessmen in Lima and other major cities. Direct access to credit card number for AT&T, Sprint, and MCI Worldcom is also available.

Peruvian medical facilities do not generally meet U.S. standards, although some private clinics do. However, if visitors take certain precautions about food and drink, the level of risk is manageable. Cholera and other infectious diseases such as hepatitis are present in Peru. Travelers in Peru should always substitute bottled beverages for potentially contaminated water. Fish, shellfish and vegetables should not be eaten unless well cooked, and all food should be eaten while still hot. Peeled fruits should be safe. Travelers to the jungle areas of Peru should have up-to-date yellow fever vaccine and malaria prophylaxis. There are several clinics in the Lima area which have U.S. trained personnel and up-to-date medical equipment. Since U.S. medical insurance is not always valid outside the United States, supplemental insurance could prove useful, especially to provide coverage for medical evacuation.

Temporary Entry of Goods

Goods for trade fairs may temporarily enter Peru by paying a bond - but without paying duties - and following the normal documentation requirements mentioned in Chapter 6 under “Import Documentation.” In addition to normal passenger baggage, a cellular phone (and its accessories) and a laptop are allowed without paying duties.

Chapter 10: ECONOMIC AND TRADE STATISTICS

Appendix A: COUNTRY DATA

Population: 25.7 million (mid-2000 estimate).

Population Growth Rate: 1.7 percent annually.

Religion(s): Roman Catholic Church (89 percent), Evangelical religions (3.5 percent), other Christian (2 percent).

Government System: Republic, President elected by popular vote in two rounds, 120 member unicameral congress elected at-large by popular vote.

Language(s): Spanish and Quechua (official), Aymara (highlands), dozens of others spoken by native inhabitants in the Amazon basin.

Work week: Monday through Friday from 8:00 am to 5:00 pm (eight hours per day up to a maximum of 48 hours per week).

Source: National Statistical Institute

Appendix B: DOMESTIC ECONOMY

	1998	1999	2000F
Nominal GDP (U.S. \$ billions)	57.0	52.0	53.9
Real GDP (1994 Soles, billions)	116.6	118.2	123.5
Real GDP Growth (%)	-0.4	1.4	4.5
GDP per-capita (nominal U.S. \$)	2,300	2,063	2,101
Average annual exchange rate (Soles per U.S. \$)	2.93	3.38	3.56
Inflation (Dec. to Dec. %)	6.0	3.7	4.5
Central Govt. Spending (% GDP)	16.8	17.3	16.0
Unemployment (urban, %)	7.9	7.2	8.0
Foreign Exchange Reserves (year-end, U.S. \$ millions)	9,183	8,404	8,300
Debt service ratio (%)	34.0	39.4	31.0
U.S. Econ./Mil. Assistance, (USG fiscal year, U.S. \$ millions)	104.9	123.1	111.0

Source: Central Bank, National Statistical Institute, Embassy

Appendix C: TRADE

(in millions of U.S. \$ unless noted otherwise)

	1998	1999	2000F
Peruvian Exports Worldwide (FOB)	5,757	6,113	6,700
Peruvian Imports Worldwide (FOB)	8,222	6,729	7,700
Peruvian Trade balance	-2,465	-616	-1,000
U.S. exports to Peru (FOB)	2,582	2,097	2,419

⁴⁶			
U.S. imports from Peru (FOB)	1,861	1,743	1,999
U.S. Trade balance with Peru	721	354	420
U.S. share of Peruvian exports (%)	32.3	28.5	29.8
U.S. share of Peruvian imports (%)	31.4	31.2	31.4

Source: Central Bank, Embassy

Appendix D: INVESTMENT STATISTICS

TOTAL REGISTERED DIRECT FOREIGN INVESTMENT IN PERU (US \$Millions)

1990	1,331.0
1991	1,334.9
1992	1,501.7
1993	1,639.6
1994	4,449.5
1995	5,543.6
1996	6,178.7
1997	7,190.4
1998	7,829.5
1999	8,573.6
6/30/2000	9,294.1

Source: National Commission for Foreign Investment and Technology (CONITE)

DIRECT REGISTERED FOREIGN INVESTMENT IN PERU BY COUNTRY 1996 - 2000 (US \$Millions)

Country	1996	1997	1998	1999	2000 1/
Spain	2,411.1	2,360.8	2,394.8	2,419.3	2,428.3
United States	1,246.8	1,488.9	1,647.8	1,838.3	1,847.0
United Kingdom	779.4	1,007.7	1,237.0	1,663.6	1,663.6
Netherlands	357.6	494.5	511.1	557.9	741.9

Panama /2	232.2	498.8	518.3	539.1	540.8
Chile	269.7	291.3	319.9	384.6	388.3
Canada	136.8	119.9	210.2	308.8	309.1
Switzerland /2	111.8	181.0	185.0	200.3	200.4
France	58.2	60.6	64.6	147.2	147.2
Uruguay	73.5	88.6	117.4	122.6	123.9
China	122.2	122.2	122.2	122.2	122.2
Argentina	85.4	104.7	137.1	100.1	100.1
Others	356.1	462.4	567.7	663.4	681.3
TOTAL	6,240.8	7,281.4	8,033.1	9,067.4	9,294.1

1/ As of June 30.

2/ Prior to 1990 Peruvians set up firms in countries such as Switzerland and Panama in order to disguise their investments in times when there were restrictions in capital flows.

SOURCE: CONITE. Actual foreign investment is higher as the above table only reflects foreign direct investment registered with CONITE at book value.

DISTRIBUTION OF DIRECT INVESTMENT IN PERU BY SECTORS (June 30, 2000)

Sector	US \$Millions	Percentage
Communications	2,337.4	25.2
Mining	1,667.9	18.0
Energy	1,555.6	16.7
Industry	1,451.9	15.6
Finance	1,315.8	14.2
Commerce	541.2	5.8
Services	103.4	1.1
Petroleum	97.9	1.0
Transport	81.6	0.9
Tourism	46.2	0.5
Agriculture	43.6	0.5
Construction	36.2	0.4
Others	15.4	0.2
TOTAL	9,294.1	100.0

SOURCE: CONITE.

MAJOR PRIVATIZATIONS 1992 – June 2000

Pct.of Shares/	Val of Shares	Major
-------------------	------------------	-------

Company	Year	Assets	US\$m	Investor
Hierro Peru (mining)				1992 90(1)
Gas Stations			120	China
Petromar (oil)		Peru	1992	90(1) 39
				1993
				20yrlease 200
				U.S.
Aeroperu (airline)	1993	70	25	Mexico
Cerro Verde (copper)	1993	90(1)	35	U.S.
Cemento Yura (cement)	1994	90(1)	67	Peru
Entel/CPT(telcom)		1994	35	1,391 Spain
Ilo Copper Refinery		1994	100	66 U.S.
Cementos Lima (cement)	1994	49	104	Peru
Edelnor (electr.)		1994	60	176 Canada
Edelsur (electr.)		1994	60	212 Chile
Interbanc (finance)		1994	99.8	51 U.S.
Tintaya (copper)		1994	90(1)	273 U.S.
Cajamarquilla (zinc refin.)	1994	90(1)	153	Canada
Enturperu (hotels)		1995	100	48 Peru
Banco Continental (finance)	1995	60	256	Spain
Cahua (electr.)			1995 60	42
		Peru		
Edegel (electr.)		1995	60	524 U.S.
Cemento Sur (cement)	1995	100	33	Peru
Etevensa (electr.)		1995	60	120 Spain
Antamina Copper Project	1996		20	Canada
Siderperu (steel)				1996 193
				U.S.
Luz del Sur	1996		24	various (int'l)
Luz del Sur		1996		42 Peru (local
				institutional)
Luz del Sur	1996		97	Peru (local
				individuals)
Telefonica	1996		918	various (int'l)
Telefonica	1996		41	Peru (local
				institutional)
Telefonica	1996		280	Peru (local
				individuals)
Egenor (generation)	1996		228	U.S.
La Pampilla Refinery	1996		180.5	Spain
Petrolube (lubricants)	1996		19	U.S.
Petroperu Block 8	1996	(2)	142	Argentina
Petroperu - Block X	1996	(2)	202	Argentina
Electro Sur Medio				

(distribution)	1997	100	51	Argentina
La Granja (copper deposit)	1997	100	25	Canada
Metaloroya (metalurgical complex)	1997	100	121	U.S.
Mahr Tunel (polymetalic mines)	1997	100	128	Peru
Chavimochic (agric.land)	1997	100	34	various
Soc. Paramonga (chemical complex)	1997	100	23	Peru
Planta de Cemento Rioja (cement)	1998	100	15	Peru
Regional Electric (generation)	1998	30	145	Peru
Banco Continental	1998	4.75	17.2	various (int'l)
Banco Continental	1998	4.75	16.7	Peru (local institutional)
Banco Continental	1998	9.5	31.8	Peru (local individuals)
Agricultural land	1998	7,097 Has.	7.3	various
Cellular B Band	1998	(3)	35	U.S.
Paragsha (mining, lead, zinc, silver)	1999	100	61.8	Peru
Luz del Sur (electr.)	1999	3.12	10	various
Edegel (electr.)	1999	7	31	Peru (local institutional)
Telefonica	1999	2.72	88.4	various (NYSE)
Egenor (generation)	1999	30	60	U.S.
Edegel (generation)	1999	5.39	84	Peru
Matarani (sea port)	1999	(4)	10	Peru
Enafer (railroads)	1999	(4)	(5)	Peru/U.K./U.S.
Edegel (generation)	2000	17.5	83	Peru
Camisea (natural gas)	2000	upstream	37.24% (6)	Arg./U.S./Korea
PCS (telecom.)	2000	(3)	180	Italy

- (1) Although bids were made for 100% of the shares, under Peruvian law, employees have the right to buy up to 10% of the company's shares. Shareholders may buy any of the shares not purchased by the employees.
- (2) Concession for oil production.
- (3) Concession for 20 years.
- (4) Concession for 30 years.
- (5) Winner offered to pay the GOP 33.375% of its annual income.
- (6) Royalty offered.

Source: Commission for the Promotion of Private Investment (COPRI).

PROJECTED DIRECT FOREIGN INVESTMENT IN

EXISTING COMPANIES/PROJECTS

Investing Company	US\$ Million
Cambior Inc. (mining)	2,300
Southern Peru Copper Corp. (mining)	1,500
Shell, Occidental and others	768
Cyprus Amax Minerals Co.(mining)	683
Empresa Minera Mantos Blancos S.A.	515
Panworld Minerals Int. (mining)	450
Consortium Noranda/Teck Corp. (mining)	416
Repsol/YPF	400
BHP (mining)	369
Repsol (oil refining)	320
Cominco/Marubeni	300
Doe Run Peru (mining)	300
Cia. Minera Manhattan Sechura (mining)	300
Doe Run Peru (mining)	300
Other	3,526
TOTAL	12,447

Source: Conite

Chapter 11: U.S. AND COUNTRY CONTACTS

U.S. GOVERNMENT

U.S. Embassy Lima, Peru

Unit 3710

APO AA 34031

Av. La Encalada Cdra. 17 s/n

Urbanizacion Monterrico Sur

Surco, Lima 33, Peru

Tel: (511) 434-3000 Fax: (511) 434-3037

John R. Hamilton, Ambassador

Roberta Jacobson, Deputy Chief of Mission

U.S. Department of Commerce (U.S. Embassy Lima, Peru)

Unit 3780

APO AA 34031

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Cesar Jochamowitz, Senior Commercial Specialist

Flora Muroi, Commercial Specialist

Thomas Kohler, Commercial Specialist

Rosario Llontop, Administrative Specialist
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U.S. Department of Commerce (Washington, D.C.)
14th & Constitution Avenue, N.W.
Washington, D.C. 20230
Scott Smith, Desk Officer
Tel: (202) 482-2375 Fax: (202) 482-0464

The Advocacy Center
14th & Constitution Avenue, N.W., Room 3814-A
Washington, D.C. 20230, Room 3025
Tel: (202) 482-3896 Fax: (202) 482-3508
Patrice Williams, Latin America and The Caribbean
Internet address: http://www.ita.doc.gov/ita_home/advhome.html
Trade Information Center in Washington: 1-800-USA-TRADE

U.S Department of State (U.S. Embassy Lima, Peru)
Unit 3730
APO AA 34031
Stephen M. Liston, Economic Counselor
Timothy Lattimer, Economic Officer
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2201 C Street N.W., Room 5906
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Eva Weigold, Peru Desk Officer
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Gladys Solano, Program Specialist
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14th & Independence Avenue, S.W.
Washington, D.C. 20250

Robert Hoff, WH Director, Foreign Agricultural Affairs
Tel: (202) 720-3221 Fax: (202) 720-5183

U.S. Department of Agriculture, Foreign Agricultural Service, Trade Assistance and Promotion
Office: (202) 720-7420

Export-Import Bank of the United States (EX-IM BANK)
811 Vermont Avenue, N.W.
Washington D.C. 20571
Tel: Toll Free (800) 565-EXIM (3946)
Business Development (202) 565-3900
Fax: (202) 565-3931
Internet address: <http://www.exim.gov>
Mauricio Milian, Senior Loan Officer
Tel: (202) 565-3916 Fax: (202) 565-3931
Xiomara Creque, International Business Development
Tel: (202) 565-3477 Fax: (202) 565-3931

Overseas Private Investment Corporation (OPIC)
1100 New York Avenue, N.W.
Washington, D.C. 20527
Tel: InfoLine: (202) 336-8799
FactsLine: (202) 336-8700
Fax: (202) 408-8959
Internet address: <http://www.opic.gov>
Lila Granda, Regional Manager, Insurance, South America
Tel: (202) 336-8664 Fax: (202) 408-5142, 218-0158
Robert B. Wight, Investment Insurance Officer
Tel: (202) 336-8605 Fax: (202) 408-5142, 218-0324

U.S. Trade and Development Agency (TDA)
1621 North Kent Street, Suite 300
Arlington, VA 22209-2131
Tel: (703) 875-4357 Fax: (703) 875-4009
Internet address: <http://www.tda.gov>
Al Angulo, Regional Director
Gabriela Rigg, Country Manager
Tel: (703) 875-4357 Fax: (703) 875-4009

PRIVATE SECTOR ASSOCIATIONS

American Chamber of Commerce of Peru (AmCham)
Av. Ricardo Palma 836
Miraflores
Lima 18, Peru
Tel: (511) 241-0708, 241-0710

Fax: (511) 241-0709
John Youle, President
Jaime A. Garcia, General Manager
Barry Feingold, Deputy General Manager
E-mail: amcham@amcham.org.pe
Internet address: www.amcham.org.pe

Confederacion Nacional de Instituciones Empresariales (CONFIEP)
(Confederation of Private Enterprise Institutions)
Victor Andres Belaunde 147, Torre Real 3, 4to. Piso
San Isidro,
Lima 27, Peru
Tel: (511) 440-6050
Fax: (511) 221-7225
Roque Benavides, President
Carolina Castilla, Gerente General
E-mail: secregg@confiep.org.pe
Internet address: www.confiep.org.pe

Confederacion Nacional de Comerciantes (CONACO)
(Traders' Association)
Av. Abancay 210, Piso 3
Lima 1, Peru
Raul Moran Angosto, President
Herless Buzzio Zamora, First Executive Vice President
Carlos Gambini Vidal, General Manager
Tel: (511) 427-4914, 427-3528
Fax: (511) 427-2567
E-mail: conaco@mega.com.pe

Sociedad Nacional de Industrias (SNI)
(National Society of Industries)
Los Laureles 365
San Isidro
Lima, 27, Peru
Manuel Guillermo Izaga Salazar, President
Julio Rizo Patron, General Manager
Tel: (511) 421-8830
Fax: (511) 442-2573
E-mail: sni@sni.org.pe
Internet address: www.sni.org.pe

Sociedad Nacional de Minería, Petróleo y Energía
(Mining, Petroleum and Energy Society)
Francisco Grana 671
Magdalena
Lima 17, Peru

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Tel: (511) 460-1600, 261-2556

Fax: (511) 460-1616

Augusto Baertl, President

Carlos Diez-Canseco, General Manager

E-mail: postmast@snmpe.org.pe

Internet address: www.snmpe.org.pe

Asociacion de Exportadores (ADEX)

(Exporters' Association)

Av. Javier Prado Este 2875

San Borja

Lima 41, Peru

Tel: (511) 346-0019, 346-2530

Fax: (511) 346-1879

Carlos Castro, President

Jaime Rodriguez, General Manager

Email: postmaster@adexperu.org.pe, cid@adexperu.org.pe

Internet address: www.adexperu.or.pe

Camara de Comercio de Lima

(Lima Chamber of Commerce)

Gregorio Escobedo 398

Jesus Maria

Lima 11, Peru

Tel: (511) 463-3434, 261-4400

Fax: (511) 463-9864

Samuel Gleiser, President

Jorge Chiang, General Manager

E-mail: webmaster@camaralima.org.pe

Internet address: www.camaralima.org.pe

Camara Peruana de la Construccion (CAPECO)

(Chamber of Engineering and Construction Firms)

Av. Paseo de la Republica 571

Piso 12

Lima 1, Peru

Tel: (511) 428-7480

Fax: (511) 433-0188

Leopoldo Scheelje, President

Ricardo Rodriguez, General Manager

E-mail: postmaster@capeco.org.pe

Asociacion de Bancos

(Association of Banks)

Calle 41 #975, Urb. Corpac

San Isidro

Lima 27, Peru

Tel: (511) 224-1718
Fax: (511) 224-1707
Roberto Calda, President
Enrique Arroyo, General Manager
Internet address: www.asbns.com.pe

Asociacion de Industriales Lacteos
(Dairy Association. Producers of dairy products)
Sociedad Nacional de Industrias
Los Laureles 365
San Isidro
Lima 27 - Peru
Tel: (511) 421-8830 ext. 165, 441-1639
Fax (511) 441-1639
Rolando Piskulich, Manager

Asociacion Peruana de Porcicultores
(Pork Producers Association. Importers of animals, equipment and feed grain for pork production)
Pomalca 327
Urb. Centro Comercial Monterrico
Surco
Lima 33, Peru
Tel: (511) 436-3729, 436-4168
Fax: (511) 436-3729
Ana Maria Trelles, General Manager
E-mail: asoporci@terra.com.pe

Asociacion Peruana de Avicultura
(Poultry Producers Association. Importers of baby chicks, equipment and inputs for poultry and egg production)
Esmeralda 255
Chacarilla del Estanque
Lima 33, Peru
Tel: (511) 372-1540
Fax: (511) 372-1538
Julio Favre, President
Victor Justo, Manager
E-mail: apavic@tci.net.pe
Internet address: www.tci.net.pe/apavic

Asociacion de Fongales
(Dairy Producers Association. Importers of inputs, equipment, and cattle for milk production)
Pumacahua No. 877, Of. 306
Jesus Maria
Lima 11, Peru
Tel/Fax: (511) 423-4642, 431-0549
Rodolfo Malarin de Azambuja, President

Comite de Molinos de Trigo
(Wheat Mills Committee. Importers of wheat)
Los Laureles 365
San Isidro
Lima 27, Peru
Tel: (511) 442-2460
Fax: (511) 442-4351
Alejandro Daly, Manager
E-mail: adaly@sni.org.pe

GOVERNMENT OF PERU

Ministerio de Transportes, Comunicaciones, Vivienda y Construcción
(Ministry of Transport, Communications, Housing and Construction)
Av. 28 de Julio 800
Lima 1, Peru
Tel: (511) 433-7800
Fax: (511) 433-9378
Eng. Augusto Bedoya Camere, Minister
Eng. Carlos Nunez B., Vice-Minister for Transport
Sr. Julio Garcia Torres, Vice-Minister for Communications
Arq. Luis de las Casas Orozco, Vice-Minister for Housing and Construction
www.mtc.gob.pe

Ministerio de Energia y Minas
(Ministry of Energy and Mines)
Av. Las Artes 260
San Borja
Lima 41, Peru
Tel: (511) 475-0065
Fax: (511) 475-0689
Eng. Jorge Chamot Sarmiento, Minister
Eng. Gaston Miranda, Vice-Minister for Energy
Eng. Eduardo Pando, Vice Minister of Mines
www.mem.gob.pe

Ministerio de Industria, Turismo, Integración y Negociaciones Comerciales Internacionales
(Ministry of Industry, Tourism, Integration and Trade Negotiation)
Calle Uno s/n, Urb. Corpac, San Isidro
Lima 27, Peru
Tel: (511) 224-3347
Fax: (511) 224-3144
Dr. Gonzalo Romero de la Puente, Minister
Econ. Agnes Franco Temple, Vice-Minister for Industry

Dr. Alfredo Ferrero Diez Canseco, Vice-Minister for Integration and Trade Negotiations
Econ. Jose Miguel Gamarra Skeels, Vice-Minister for Tourism
www.mitinci.gob.pe

Ministerio de Economia y Finanzas
(Ministry of Economy and Finance)
Jr. Junin 319
Lima 1, Peru
Tel: (511) 427-3930
Fax: (511) 428-2101
Dr. Carlos Bolona Behr, Minister
Dra. Rosario Almenara, Economy Vice-Minister
Dr. Alfredo Jalilie, Finance Vice-Minister
www.mef.gob.pe

Ministerio de la Presidencia
Paseo de la Republica 4297
Surquillo
Lima 34, Peru
Tel: (511) 222-3666
Fax: (511) 222-3623
Eng. Ernesto Mitsumasu, Infrastructure Vice-Minister

Ministerio de Pesqueria
(Ministry of Fisheries)
Calle Uno Oeste S/n
Urbanizacion Corpac
San Isidro
Lima 27, Peru
Tel: (511) 224-3330
Fax: (511) 224-3237
Econ. Pablo Handabaka Garcia, Minister
Ing. Luis Shimabukuro, Vice-Minister
www.minpes.gob.pe

Ministerio de Relaciones Exteriores
(Ministry of Foreign Affairs)
Jr. Lampa 535
Lima 1, Peru
Tel: (511) 311-2400
Fax: (511) 311-2430
Dr. Fernando de Trazegnies Granda, Minister
Ambassador Jose Antonio Arrospe del Busto, Vice-Minister Secretary General
www.rree.gob.pe

Ministerio de Salud
(Ministry of Health)

58
Av. Salaverry Cdra. 8
Lima 1, Peru
Tel: (511) 431-0410
Fax: (511) 431-0093
Dr. Alejandro Aguinaga Recuenco, Minister
Dr. Alejandro Mesarina, Vice-Minister
www.minsa.gob.pe

Ministerio de Agricultura
(Ministry of Agriculture)
Av. Salaverry s/n
Lima 1, Peru
Tel: (511) 433-3034; 433-2219
Fax: (511) 432-0990
Eng. Jose Chlimper Ackerman, Minister
Eng. Carlos Luna, Vice Minister
www.minag.gob.pe

Instituto Nacional de Recursos Naturales (INRENA)
Ministerio de Agricultura
(Supervises matters related to use, exports, development, and preservation of land and natural resources such as wetlands, woodlands and wildlife)
Calle 17 No. 355
Urb. El Palomar, San Isidro
Lima 27, Peru
Tel: (511) 224-3218; 224-3298
Fax: (511) 224-3218
Dra. Josefina Takahashi, Director
www.minag.gob.pe/MINAG/inrena/indice.htm

Servicio Nacional de Sanidad Agraria (SENASA)
Ministerio de Agricultura
(Equivalent to APHIS. Supervises sanitary conditions of imported agricultural commodities and animals)
Av. Salaverry s/n
Jesus Maria
Lima 11, Peru
Tel/Fax: (511) 433-7802
Elsa Carbonell, Director
www.minag.gob.pe/MINAG/senasa/indice.htm

CONSULTING FIRMS IN PERU (partial listing)

Apoyo S.A.
Gonzales Larranaga 265
Miraflores

Lima 18, Peru
Tel: (511) 444-6262
Fax: (511) 445-881
Felipe Ortiz de Zevallos, Managing Director
Internet address: www.apoyo.com

Arthur Andersen (Medina, Zaldivar & Asocs.) (Andersen Worldwide SC)
Esq. Pardo y Aliaga y Camino Real, Piso 6
San Isidro
Lima 27, Peru
Tel: (511) 222-1060, 411-4444
Fax: (511) 411-4445
Jorge Medina, Managing Partner
Internet address: www.arthurandersen.com

Booz-Allen & Hamilton del Peru S.A.
Centro Empresarial Camino Real, Av. Victor Andres Belaunde 147, Edif. Real 3, Piso 11
San Isidro
Lima 27, Peru
Tel: (511) 215-1900
Fax: (511) 215-1911
Gonzalo Larraguivel, General Manager

Consultandes S.A.
Teruel 350
Miraflores
Lima 18, Peru
Tel: (511) 221-4831, 222-5974
Fax: (511) 222-5977
John Youle, President
E-mail: consultandes@amauta.rcp.net.pe

Cuanto S.A.
Plaza del Ovalo 203-B
San Isidro
Lima 27, Peru
Tel: (511) 442-3421, 422-4932
Fax: (511) 442-5460
Ricarch Webb, Director
Moses Ventocilla Alor, General Manager
E-mail: cuanto@pol.com.pe, cuanto@terra.com.pe
Internet address: www.institutocuanto.com

Deloitte & Touche, Gris, Hernandez y Asociados (Deloitte Touche Tohmatsu International)
Paseo de la Republica 3074, Piso 7
San Isidro
Lima 27, Peru

60
Tel: (511) 221-4034, 221-0020
Fax: (511) 442-2861
Carlos Andia, Senior Partner
E-mail: brouillon@deloitte.com.pe

Dun & Bradstreet S. A.
Republica de Chile 388, Piso 2
Jesus Maria
Lima 11, Peru
Tel: (511) 433-5533, 433-2989
Fax: (511) 433-2897
Florencio Kohata, General Manager
E-mail: dnd@dndperu.com.pe
Internet address: www.dndperu.com.pe

Ernst & Young Consulting
Republica de Panama 3030, Piso 7
San Isidro
Lima 27, Peru
Tel: (511) 222-1282
Fax: (511) 222-8020
Hernan Carranza, Managing Director
E-mail: Hernan.Carranza@pe.eyi.com
Internet address: www.ey.com

Ernst & Young International
Pqe. Quinones 198
Jesus Maria
Lima 11, Peru
Tel: (511) 463-1818, 463-5616
Fax: (511) 463-4523
Cesario Alonso, Partner Manager
E-mail: EYperu@mail.cosapidata.com.pe, audit@alonso.com.pe
Internet address: www.eyi.com

Hansen-Holm, Alonso & Co. Sociedad Civil (Coopers & Lybrand)
Av. Canaval y Moreyra 380, Edif. Siglo XXI, Piso 19
San Isidro
Lima 27, Peru
Tel: (511) 211-6500, 442-0555
Fax: (511) 442-2073
Humberto Allemant Salazar, Partner Manager
Santiago Collas, Partner Manager

Louis Berger International, Inc.
Calle Boccioni 412
San Borja

Lima 41, Peru
 Tel/Fax: (511) 476-4100, 224-4225, 476-9910
 Hector Alberto Garcia Lopez, General Manager
 E-mail: agarcia@louisberger.com
 Rodrigo Carvajal, Director, Washington, D.C.
 Internet address: www.rcarvaja@msp.org.pe

Macroconsult
 Gral. Borgono 1156
 Miraflores
 Lima 18, Peru
 Tel: (511) 221-2691, 221-2692
 Fax: (511) 221-2696
 Roger Espinosa, Alonso Polar, Drago Kisic, Pablo Bustamante, Directors
 Internet address: www.macroconsult.com

Price Waterhouse
 Canaval y Moreyra 380, Piso 19
 San Isidro
 Lima 27, Peru
 Tel: (511) 442-0555, 211-6500
 Fax: (511) 442-6522, 211-6565
 Luis A. Chinchilla, Partner
 Internet address: www.pwcglobal.com

PRE-SHIPMENT INSPECTION FIRMS

Bureau Veritas S.A.
 Republica de Panama 3030, Piso 14
 Edif. Banco del Nuevo Mundo
 San Isidro
 Lima 27, Peru
 Tel: (511) 421-0101
 Fax: (511) 441-0604, 441-0624
 Rafael Fernandez Stoll, General Manager
 Internet address: www.bureauveritas.com

Cotecna Inspection (PERU) S.A.
 Camino Real 390, Torre Central Piso 10
 San Isidro
 Lima 27, Peru
 Tel: (511) 421-1001, 440-6789
 Fax: (511) 441-4191, 440-0577
 Mercedes Castro de Rebagliati, General Manager

SGS Societe Generale de Surveillance S.A.

62
Republica de Panama 3050
San Isidro
Lima 27, Peru
Tel: (511) 221-2140
Fax: (511) 442-5865
Alejandro Gomez de la Torre, General Manager
E-mail: sgs_peru@sgsgru.com

Chapter 12: MARKET RESEARCH

Commercial Service Publications 2000-2001

Oil and Gas Field Machinery
Mining Industry Equipment
Agricultural Chemicals
Agricultural Machinery
Computer Hardware
Security and Safety Equipment
Construction Equipment
Medical Equipment

Airport and Ground Support Equipment
Architectural, Construction, Engineering Services
Pollution Control Equipment
Employment Services
Veterinary Equipment and Supplies
Computer Software
Food Processing and Packaging Equipment
Water Resources
Telecommunications Equipment

A complete list of market research topics is available through the National Trade Data Bank.

Foreign Agricultural Service Publications

Oilseeds Report (incl. fish and soybean meals and oils)
Grain and Feed Report (incl. wheat, rice and corn)
Sugar Report
Coffee Report
Asparagus Report
Agricultural Situation Report
Dairy Report
Annual High Value Product and Sector Market Reports
Peas & Lentils
Trade Policy.

Chapter 13: TRADE EVENT SCHEDULE

Note: Firms should consult the Export Promotion Calendar on the NTDB, or contact the post Commercial Section for the latest information or to arrange individual trade programs.

SEP 14-17, 2000	<p>7th ALIMENTARIA</p> <p>Lima, Peru (Food and drink industry)</p> <p>Pacific International Trade Fair</p> <p>P.O. Box 4404</p> <p>Lima – 100, Peru</p> <p>Tel: (511) 566-0775</p> <p>Fax: (511) 566-0320</p> <p>Rafael Talavera, Managing Director</p> <p>E-mail: fip@feria.com.pe</p> <p>http://www.feria.com.pe</p>
SEP 14-17, 2000	<p>7th FERIA DE GANADERIA</p> <p>Lima, Peru (Cattle and equipment and inputs for the cattle industry)</p> <p>Pacific International Trade Fair</p> <p>(please see contact information above)</p>
SEP 14-17, 2000	<p>13th AGROTEC</p> <p>Lima, Peru (equipment and inputs for agriculture, agroindustry and fisheries)</p> <p>Pacific International Trade Fair</p> <p>(please see contact information above)</p>
NOV 16-22, 2000	<p>3rd PLASTITEC</p> <p>Lima, Peru (equipment and inputs for the plastics industry)</p> <p>Pacific International Trade Fair</p> <p>(please see contact information above)</p>
NOV 16-22, 2000	<p>3rd GRAFITEC</p> <p>Lima, Peru (machinery, equipment inputs and material for the graphic, paper and packaging industries)</p> <p>Pacific International Trade Fair</p> <p>(please see contact information above)</p>
NOV 16-22, 2000	<p>5th CONSTRUCTECNIA</p> <p>Lima, Peru (Equipment and material for construction and interior decoration)</p> <p>Pacific International Trade Fair</p> <p>(please see contact information above)</p>
NOV 16-22, 2000	<p>10th TECNOMIN</p> <p>Lima, Peru (Equipment for mining, oil and gas)</p>

Pacific International Trade Fair
(please see contact information above)

- FEB 20-22, 2001 LIMA VISIT USA WORKSHOP
Lima, Peru (tourism)
Lima Marriott Hotel
Visit USA Committee Peru
Fco. De Paula Camino 231-A
Miraflores, Lima 18, Peru
Tel/Fax: (511) 447-2260
E-mail: visitusaperu@amauta.rcp.net.pe
- APRIL 2001 SUR PERU VISIT USA
Arequipa, Peru (tourism)
(please see contact information above)
- APR 23-29, 2001 13th TECNOTRON
Lima, Peru (Information technologies)
Pacific International Trade Fair
(please see contact information above)
- MAY 2001 NOR-PERU VISIT USA
Chiclayo, Peru
Visit USA Committee Peru
Fco. De Paula Camino 231-A
Miraflores, Lima 18, Peru
Tel/Fax: (511) 447-2260
E-mail: visitusaperu@amauta.rcp.net.pe
- JUN 2001 REPCOM SOUTH AMERICA (Commercial exhibition organized by the U.S. Dept. of Commerce)
Lima, Peru; Santiago, Chile
Flora Muroi, Commercial Specialist
The Commercial Service, Lima, Peru
Tel: (511) 434-3040
Fax: (511) 434-3041
E-mail: flora.muroi@mail.doc.gov
- JUN 13-15, 2001 5th SEGURITEC
Lima, Peru (Security and safety equipment and services)
Thais Corporation S.A.
Quilla 139, 2ndo. Piso, Surco
Lima – 33, Peru
Tel: (511) 435-2178, 435-2643, 435-3318
Fax: (511) 434-0495
Guillermo Thais – Managing Director

JUNE 2001 ORIENTE PERU VISIT USA
Iquitos Peru
Visit USA Committee Peru
Fco. De Paula Camino 231-A
Miraflores, Lima 18, Peru
Tel/Fax: (511) 447-2260
E-mail: visitusaperu@amauta.rcp.net.pe

JUN 21-JUL 1, 2001 6th FERIA INTERNACIONAL DEL LIBRO
Lima, Peru (Books, magazines, publishing services)
Pacific International Trade Fair
(please see contact information above)

JUN 21-JUL 1, 2001 3rd EDUCATIVA
Lima, Peru (Teaching and training, educational services, equipment
and materials)
Pacific International Trade Fair
(please see contact information above)

SEP 10-14, 2001 EXTEMIN 2001
Arequipa, Peru (XXV Convention of Mining
Engineers and Mining Trade Show)
Institute of Mining Engineers of Peru
Los Canarios 154-156, Urb. San Cesar, II
Etapa, La Molina, Lima – 12, Peru
<http://www.iimp.org.pe>
Tel: (511) 349-4262
Fax: (511) 349-3721
Marisol Palacio de Soldi, Manager
E-mail: convmin@amauta.rcp.net.pe
<http://www.conv-min.com>
Certified by the U.S. Dept. of Commerce

NOV 19-25, 2001 24th PACIFIC INTERNATIONAL TRADE FAIR
Lima, Peru (Capital goods for industry in general)
Pacific International Trade Fair
(please see contact information above)

NOV 19-25, 2001 2nd TECNOMEDICA
Lima, Peru (Medical equipment and services)
Pacific International Trade Fair
(please see contact information above)